

BRIEF

This report of the Governor's Committee on State Government Reorganization recommends the establishment of 19 principal departments of state government by the 1971 General Assembly. These principal departments include all existing state agencies and institutions in the executive branch except those involved in higher education, and 31 licensing boards. The report recommends establishment of a committee to study the licensing boards with a view to standardization and consolidation.

This report recommends continuation of the existing statutory authority of those principal department heads who are now elected. It recommends that all other principal department heads be appointed by the Governor and serve at his pleasure, and it proposes rather extensive basic authority for these appointed officials. Modification of this basic authority is suggested in many instances during the initial phase of reorganization to avoid extensive statutory revision in the 1971 session of the General Assembly. It is proposed that further legislation be introduced in 1973 and 1975 to complete revision of the statutes as required to give the principal department heads adequate authority, and to streamline the internal organization of their departments.

The report also recommends a mission statement for each principal department and the provision of an adequate staff for each principal department head. In addition, proposals are included to improve the staff support available to the Governor by increasing the effectiveness of planning and other major management functions.

Throughout the report reorganization is viewed as a process that must continue in the years ahead in order to achieve the intent of the reorganization amendment, and to ensure that state government improves its capability to respond to emerging needs.

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REPORT OF
THE GOVERNOR'S COMMITTEE ON
STATE GOVERNMENT REORGANIZATION

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PURPOSE

The purpose of this report is to provide the recommendations of the Committee to: establish 19 major state administrative departments, to improve management of the administrative departments, to strengthen staff support for the Governor, to encourage the early and orderly initiation of these recommendations, and to insure that reorganization and the quest for improved management become continuous processes in state government.

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I. The Basic Problem

A. Organization

Over the course of the past 102 years, as the services provided by state government have grown, the government itself and its structure have also expanded. This growth in the organization of government has been piecemeal with little or no orderly pattern to the expansion. As government has undertaken to provide each new service, a new agency has often been created. Though this is a simpler solution in the short run than integrating the service into a previously existing agency, in the long run the result has been a large, fragmented, uncoordinated and diffuse organization. The number of independent agencies and institutions has grown to over 200, most of which function independently of each other and without outside supervision. The organization is unresponsive, uncoordinated, unwieldy and impossible for the average citizen to understand.

B. Impact on other functions of management

The fragmented organization of state government has important implications for other management functions such as coordinating, supervising, planning and budgeting. The Governor is the constitutional executive authority charged with the responsibility of managing the executive branch. However, the fragmented organization which presently exists is difficult to supervise. With so many agencies it is impossible for the executive to provide the central direction necessary to effectively coordinate agency programs and activities. Channels of communication between the executive and the agencies are inadequate as a result of fragmented organization. Agencies in many cases are left to function autonomously, accountable only to themselves with no one to monitor their activities. Not only are

I. B continued

channels of communication inadequate between the Executive and the agencies; too often there is little communication between agencies working on the same problem. When agency personnel do meet, there is no one with the authority necessary to coordinate their efforts. This lack of accountability and communication results in duplication of efforts and inefficient allocation of the state's scarce resources. There are, for example, some eighteen (18) state agencies which have programs in the area of coastal and marine resources. There is no overall plan of attack and each agency tends to work on its own, often in conflict with or duplicating the programs of other agencies.

The planning and budgeting aspects of management also suffer from the fragmented organization. Because many agencies work independently on the same problem it is difficult to measure the cost and effectiveness of programs designed to solve a particular problem. Budgeting is done on an "add-on" basis - that is, agencies usually receive money to continue programs without thorough examination of their effectiveness. It is only that part of their budget which represents an increase over the previous biennium that receives detailed review. This is the case in part because it is difficult to weigh and evaluate the programs of over 200 agencies. One of the central assumptions of planning is that effective program coordination exists. Without effective program coordination it is difficult to evaluate movement towards goals and objectives. The planning function in North Carolina has not been as effective as possible because the fragmented organization makes it virtually impossible to determine what is being accomplished now and even more difficult to project these accomplishments against identified future needs.

II. Background

On November 3, 1970, the people of North Carolina approved by a vote of 400,892 to 248,795, the adoption of a constitutional amendment to reduce the number of state administrative departments to not more than twenty-five (25) by 1975. This decisive mandate from the people is compelling evidence of their desire to improve the organization of state government. The adoption of this amendment is one of the most important milestones in the 102 years of state government growth since the adoption of the Constitution of 1868.

A. Actions by the 1969 General Assembly

The passage of the reorganization amendment was also the culmination of actions initiated by the 1969 General Assembly. This action was in the form of two bills. House Bill 568, passed unanimously by the 1969 General Assembly, proposed a constitutional amendment to reduce the number of state administrative departments to 25 or fewer by July 1, 1975, and to reorganize the administrative departments subject to legislative disapproval. (Enclosure # 1, p. 25). House Bill 1285 authorized the Governor to consolidate state agencies with related duties and responsibilities and to prepare recommendations for increasing efficiency in state government by reducing the number of agencies. (Enclosure # 2, p. 26) This bill provided authority for the Governor to begin the development of reorganization proposals in advance of the vote of the people on the reorganization amendment.

B. Establishment of the Study

In early 1969 negotiations were undertaken with the U. S. Department of Housing and Urban Development to establish a special project under the provisions of Section 701 of the Housing Act of 1954, as amended, to study the organization of North Carolina State Government. This project, designated N.C. P-126, was approved on June 10, 1969, with a total budget of

II. B continued

\$138,885, 2/3 of which was to be provided by HUD. In October of 1969 the State Government Reorganization Study was established under the direction of Senator John T. Henley to develop proposals for reorganization. The major initial task of the Study staff was to describe the existing organization of more than 200 agencies with varying degrees of autonomy. By March, 1970, the Study staff had accumulated this descriptive material and had developed 20 tentative organizational groupings to include all existing agencies.

C. Establishment of the Committee

In May, 1970, the Governor appointed a Committee on State Government Reorganization, composed of fifty distinguished citizens, to review the work of the Study staff and to recommend to the Governor specific actions to reorganize state government. (Enclosure # 3, p. 28) Senator John T. Henley was designated as Chairman of the Committee and Mr. William E. Stevens, Jr. was designated as Vice-Chairman. At the first meeting of the Committee on May 29, 1970, Governor Scott pointed out that the recommendations of the Committee would have great influence on the proposals he would make to the 1971 General Assembly. In addition, the Governor asked the Committee to seek detailed answers to the following questions:

1. What should be the 25 or less major departments of State Government?
2. What should be the duties of the department heads?
3. What existing agencies should be brought into each of the major departments?
4. What kind and size of a staff does the Governor need to assist him in meeting his executive responsibilities?
5. How should the proposed reorganization be implemented?

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6. What other management issues should be considered in connection with reorganization?
7. Will reorganization enable the executive department to implement more readily the policies established by the legislature?
8. Will the executive department be able to respond more efficiently to executive control?
9. Will reorganization enable state government to respond, more rapidly and adequately, to the needs of the people?

D. Limitations on the Committee

In attempting to provide the answers to the questions posed by the Governor the Committee operated under several constraints. First was the matter of time. The work of the Committee had to be completed by the end of 1970 to allow sufficient time for the Governor's review and for the preparation and presentation of enabling legislation for action by the 1971 General Assembly.

The second limitation on the Committee involved the matter of statutory revision. The General Statutes of North Carolina comprise twelve volumes of about 300 pages each. If the recommendations of the Committee were to become a basis for legislative action in 1971 it was apparent that these recommendations could not require the complete revision of the statutes because bills of this complexity could not be written in the time available or adequately considered during the 1971 session. Therefore the Committee had to bear in mind that its recommendations for action by the 1971 session had to be achievable without major statutory revision.

The third limitation on the Committee concerned the scope of its study. Early in 1970 Senator Henley requested and received an opinion from the

II. D continued

Attorney General with regard to the inclusion of the institutions of higher education in the study of reorganization. The Attorney General concluded that the language of House Bill 568, "all administrative departments, agencies, and offices of the State", was intended by the General Assembly to include institutions of higher education and institutions such as the School for the Deaf. However, in view of the complexity of the issues involved, Governor Scott subsequently asked the Committee to exclude the institutions of higher education from its study.

E. Actions of the Subcommittees

At their second meeting, in June 1970, the Committee divided itself into four subcommittees, each of which was assigned a major reorganization problem area. These subcommittees, their areas of concern, and their chairmen were:

Subcommittee #1 (Major functional departments and agencies to be assigned to each) Chairman: Mr. John Morrissey.

Subcommittee #2 (Authority and responsibility of major department heads) Chairman: Representative Dwight Quinn.

Subcommittee #3 (Staff assistance for the Governor) Chairman: Mr. Ralph Biggerstaff.

Subcommittee #4 (Implementation of Reorganization) Chairman: Mr. David J. Whichard.

All members of the Committee except the Chairman and Vice-Chairman were assigned to the subcommittees. Each subcommittee worked at its own pace and the minutes of each meeting were provided all Committee members to insure that all were informed of problems and progress.

Early meetings of Subcommittee # 1 were devoted to hearing presentations by agencies that had some reservations about the original Study staff

proposal for the grouping of agencies. The Study staff had previously sent questionnaires to 133 agencies asking for agreement or comment on the major functional groups and the agencies to be assigned to each group. Of this number, seventeen (17) expressed some reservation and asked to be heard. Summaries of the remarks of these agencies to Subcommittee # 1 are attached as Enclosure # 4, p. 32. Following these hearings the Subcommittee arrived at tentative decisions concerning the major functional departments and the existing agencies to be assigned to each department. Subcommittee # 1 also tentatively approved a mission statement for each principal

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Subcommittee # 2 began its work by tentatively approving a statement of powers and duties for the heads of the principal departments. These powers and duties were patterned very closely after those provided in the statutes for the Director of Administration and the Director of the Department of Local Affairs. The recommendations of Subcommittee # 1 were then used by the Study staff to develop proposals for consideration by Subcommittee # 2. These proposals included the basic authority for each department head and the technique to be used to bring existing agencies into the new departments without disrupting their functions and without requiring major statutory revision. At the same time it was considered essential to preserve the authority of the department head insofar as possible so that this new level of government could be effective. In general the recommendations of Subcommittee # 2 provided elected department heads the same authority they now have over elements assigned to them. For departments headed by appointed officials the subcommittee modified the basic authority of the department head to the extent required to avoid legal conflicts with the existing agencies assigned to that

II. E continued

department. This was accomplished by the use of several types of transfers that are described in paragraph IV A below.

In developing its recommendations concerning staff support for the Governor, Subcommittee # 3 interviewed Governor Scott and former governors Moore, Sanford, and Hodges, as well as the Director of the Department of Administration, the State Budget Officer, the Director of the Institute of Government, and Mr. Edward L. Rankin, Jr., former Director of the Department of Administration. The Subcommittee then developed its recommendations to reduce the administrative load on the Governor, to increase his staff support, and to improve the management tools available to him.

Subcommittee # 4 considered testimony by the State Budget Officer and representatives of the Office of the Attorney General and the Institute of Government. It was apparent from this testimony that the effective launching of reorganization by the 1971 General Assembly was a difficult and critical task. To insure that reorganization becomes fully effective, Subcommittee # 4 developed recommendations for action by the Governor or the General Assembly in every year from 1971 to 1975.

In September, 1970, a Public Information Subcommittee was established under the direction of Mr. William E. Stevens, Jr., the Vice Chairman, and including Mr. Edward L. Rankin, Jr., and Mr. David J. Whichard. The purpose of this group was to provide information on reorganization to the public and to encourage the passage of the reorganization amendment in the November General Election. This Subcommittee was extremely successful in attracting public attention to the amendment. A speakers bureau was also activated to distribute speakers kits to Committee members, to provide speakers and brochures on reorganization for civic organizations, and to coordinate press coverage of speaking engagements.

III. Major Departments and Agencies to be Assigned

A. Rationale for Groupings and Assignments

The constitutional amendment requires that there be no more than 25 principal departments in state government but does not prescribe the way departments should be constituted. The functional groups recommended reflect several different rationales:

1. The Council of State and the Attorney General - The eight departments headed by elected officials who are constitutional officers were left as they are presently constituted with few exceptions. In some cases divisions are recommended to be added to the Council of State members' department in which the functions are similar; in other cases divisions within Council of State Departments are recommended for transfer to other functional areas. The attempt has been, here as with the other eleven (11) departments, to group together agencies with similar primary functions as nearly as possible.
2. Staff Agencies - The Department of Administration is the primary staff arm of the Governor and assists him in the management of the executive branch. The Department of Revenue as proposed has staff functions of revenue research and projections, and operating functions in the administration of tax laws.
3. Service Functions - The other nine (9) departments are major service areas provided by state government for the citizens of the State; the services are reflected in the titles: Transportation and Highway Safety; Natural Resources; Economic Development; Local Affairs; Art, Culture and History; Health and Social Services;

III A. 3 continued

Commerce; Military and Veterans' Affairs; and Social Rehabilitation and Control.

B. Importance of Mission Statements

A mission statement is included for each proposed department and briefly describes its principal responsibilities. It gives the Governor, the department and its workers, the General Assembly, and the public a general idea of what the agency's purpose is. It will be especially helpful in determining where new functions should be placed in the future.

C. Recommendations

that existing administrative agencies be assigned to the nineteen (19) functional departments as indicated in Enclosure # 5, p. 36;

that the Courts Commission study the possibility of creating a Tax Court, to include the functions of the Tax Review Board and the State Board of Assessments;

that early attention be given to improving the internal organization of the new Department of Education;

that the name of the Board of Juvenile Correction be changed to "Board of Juvenile Rehabilitation", in order to separate it in the public mind from the functions and duties of Adult Correction; and

that, in the immediate future, administration of the several retirement systems should be coordinated to reduce costs. In addition, the state should move as expeditiously as possible to establish a single uniform retirement system for all employees presently covered by the several existing systems.

IV. Authority of Department Heads

A. Need for Adequate Authority

Reorganization as proposed introduces a new level of government for management and coordination between the Governor and the multitude of state agencies. Whether or not the new department level becomes a costly and unproductive layer of state government depends primarily on the authority and responsibility assigned to the department head. If he is given responsibility without authority, he will be ineffective, and few qualified men will be attracted to the job. If he is assigned both responsibility and adequate authority he will have a demanding and productive position worthy of the best talent available. By providing the department heads with the authority to make the budget request for the department, to plan for future programs, and to coordinate the already existing programs we can insure that the policies and goals of the agencies within the department are consistent with those of the Governor and the General Assembly.

While the importance of adequate authority for the department heads must be stressed, it is also true that many of the existing relationships between the various boards and commissions and the corresponding operating agencies cannot be changed in 1971 because this would require a major revision of the statutes. Many boards have policy-making authority over operating agencies which should eventually be the province of the department head. However, in order that the provision of services be uninterrupted it is important to preserve these relationships until the new departments become operative and the task of rewriting the statutes can be completed. We must therefore strike a balance between providing enough authority to the department heads to manage the department and at the same time preserve the powers of the boards and agencies that are essential for their operations.

IV. A continued

This dilemma can be solved by the use of transfers that vary the authority of the principal department head over agencies assigned to the department. In some cases the authority of the principal department head is complete; in other cases the transferred agencies retain a significant degree of their existing authority.

Three types of transfers are proposed:

The first (TYPE 1) transfers an existing agency including all of its powers and duties to a principal department. The principal department head has complete authority and responsibility for the performance of the transferred agency.

A second type of transfer (TYPE 2) can be used to transfer agencies which have policy making boards and commissions. The principal department has the authority to direct and supervise all budgeting, purchasing and related management functions, but the agency will continue to exercise independently some of its primary statutory functions pending subsequent review and legislation (See Enclosure # 7, p. 57).

The third type of transfer (SPECIAL TRANSFER) can be used to transfer agencies intact to principal departments. The department head will have responsibility for budgeting, purchasing, and related management functions. All quasi-judicial and other statutory functions will continue to be performed by the agency (See Enclosure # 8, p. 58).

B. Department staffs

There will be a need for staff support for the heads of the new departments. If the department head is to effectively coordinate the programs of his department he must have an adequate staff. This staff will be responsible for support in the planning and budgeting process as well as in other areas

IV. B continued

of administrative management including the evaluation of programs within the department. Though the creation of a staff component for the department heads will involve an increase in expenditures, the improvement in efficiency which will result from a better management system should far outweigh the costs of the staff. The creation of the departmental staff should be viewed as an investment in good government.

C. Recommendations

that TYPE 1 and TYPE 2 transfers be used to transfer existing agencies to the new departments, and that SPECIAL transfers be used as infrequently as possible, primarily to transfer existing agencies that are quasi-judicial in nature and that should perform their prescribed statutory functions independent of the department head. (See Enclosures # 7 and 8, pp. 57-58);

that the new department heads be given the power and flexibility to create staffs to assist them, subject to the approval of the Governor;

that such staff positions should be subject to the State Personnel Act;

that the cost of such staffs should be met by reclassifying vacant positions in assigned agencies within the departments, or by utilizing employees of assigned agencies; and

that salaries of the staffs of the major departments be sufficient to attract a high level of professional competence.

V. Staff Support for the Governor

A. Responsibilities

The Governor of North Carolina has three general areas of responsibility. He operates in a managerial, ceremonial and in a political capacity.

The Governor, as Chief Executive, is the chief manager of the State's administrative structure. He has responsibility, through the Executive Budget Act, of supervising programs and activities of all agencies, boards, and commissions and institutions which utilize any funds appropriated by or collected for the State. Through this act the Governor has the authority to supervise at least one phase of agency activities -- budget and program requests and levels of expenditures. He presently appoints several thousand state officials. He must be able to act quickly in times of crisis, to plan and look to the future, and to follow his constitutional directive to "take care that the laws be faithfully executed". To meet his managerial responsibilities the Governor must have access to accurate information on state programs and a strong staff in the Department of Administration to assist him, especially in the functions of planning and budgeting.

The Governor represents the State to the people of North Carolina and must travel extensively during his term. He engages in a wide range of activities, many of which involve a speech or proclamation. To meet his ceremonial responsibilities the Governor needs a competent personal staff, organized along lines most useful to him, that includes the capabilities to plan and coordinate his activities, to write speeches, and to assist him in his relations with news media.

The Governor is the head of his political party and must involve himself in the planning and direction of political activities.

B. Personal Staff

It became evident, after talking to the three living former Governors and Governor Scott, that each Governor must structure his own staff, and that no one arrangement would serve the personal and political needs of all Governors. Each Governor builds his staff around his own concept of staffing. He may even borrow agency personnel to augment his staff if funds are not sufficient for the person to be directly on the Governor's payroll. Nevertheless, there are some desirable actions to assist the Governor in the organization and operation of his personal staff:

1. Recommendations

that the state continue to provide office space and expenses to the Governor-elect (G.S. 147-31.1) and increase this appropriation from \$3,500 to \$7,500;

that secretarial help and office space be provided for the outgoing Governor for a period after he leaves office, and an appropriation of \$5,000 be provided to meet other official expenses;

that the Lieutenant Governor's job be made a full time one, in order that the person holding this office might help the Governor with the affairs of state;

that the functions of Notary Clerk be removed from the Governor's Office;

that the function of the "Special Police Officer" be removed from the Governor's Office;

that additional space in the Capitol be made available to the Governor as expediently as possible;

that no change be made to the present flexibility of the Governor in the hiring and organization of his office staff; and

that a permanent computer system be established to detail the terms and expiration dates of members of boards and commissions.

C. Management Staff

The Governor, as Chief Executive, must manage the state government organization. He cannot do it alone; he needs a "management staff" to help

V. C continued

him. In recent years this staff has been the Department of Administration. Additional actions are required to strengthen the staff capability of the Department of Administration and to improve the management tools available to the Governor.

1. Recommendations

that those divisions of the Department of Administration that are not a part of the Governor's management staff be moved to another department to reduce the load on the Director and permit him to concentrate on his staff functions;

that the important role of long-range planning in State Government be emphasized and that the role of the Department of Administration in the decision-making process be strengthened through legislation with emphasis on planning coordination and program coordination;

that the adoption of program effectiveness evaluation be endorsed;

that a study to improve management practices in all of State Government be authorized;

that a mandatory annual report to the Governor be made from each of the functional area department heads;

that information be made available to the Governor-elect on the Budget, the functions of the Department of Administration, and on the problems and issues he will face during his administration; and

that the Governor, through the Department of Administration, conduct an ongoing study of the organization of State Government as a part of his power to recommend reorganization proposals.

VI. Implementation Concepts

A. Concept chosen

The implementation concept adopted by the Committee may be designated by the term: "Phase I - Phase II". In Phase I, to begin in 1971, agencies will be grouped together through the use of general legislation but will continue to perform their present duties. Between 1971 and 1973, Phase II, agencies under the direction of a functional department head will work together. In this period, areas of duplication can be discovered and areas of coordination worked out. Also, during the two years, bills will be drafted to streamline the internal organization of each department and to rid the statutes of references which might be inconsistent with the new functional area structure. In the 1973 session, the General Assembly will be presented with recommendations for each department which will reflect its experience in operations.

B. Problems and Alternatives

The "Phase I, Phase II" concept recommended by the Committee will allow reorganization to begin after the 1971 session sets up the functional departments. Implementation in 1971 will keep reorganization close to the mandate of the Constitutional Amendment. There will be more time to work out problems before the 1975 deadline. Reorganizing in 1971 begins the process when interest in it is highest.

An alternate method of implementation has been suggested — that a complete bill be drafted prior to implementation. This would have the effect of postponing reorganization until the 1973 session of the General Assembly. The complete bill would be a revision of a large portion of the General Statutes (as would a bill drafted after Phase I of implementation had begun) and would require approximately a two-year period to complete.

VI. B continued

In this implementation plan no functional area would be set up until all of the statutes have been revised and authorities have been spelled out in legislation. This plan would likely avoid many problems of legal interpretation since the authority for each new department and its divisions would already be detailed before, not after, the departments were set up. The plan, however, would not allow reorganization to begin in 1971 when interest in reorganization is still strong, and the bill which would result from this plan would not reflect the experience and insights gained in two years of cooperation and work together.

Another alternative for implementation would establish in 1971 those departments that closely resemble existing departments and, in addition one or two major new departments. The creation of these departments would be the subject of fairly detailed legislation during the 1971 session. The remaining major new departments would be established as a result of detailed legislation presented in 1973 and 1975. This alternative would require considerable, but manageable, statutory work to get the necessary bills to the 1971 General Assembly. The bulk of the remaining bill drafting would be accomplished between sessions by a staff created for this purpose. This alternative would probably result in fewer interpretive problems for those departments activated in 1971 and it would result in experience that could be applied to the subsequent establishment of the remaining departments. However, this alternative would leave major segments of state government unaffected by reorganization during the current administration.

C. The Means of Implementation: Transfers

A simple device for beginning reorganization in 1971 is the transfer approach, discussed in Section IV above.

VI. C continued

By use of transfers each agency will be both assigned to a particular functional area and given a general statement of its place in the organizational structure. During the period between 1971 and 1973 refinements to the organization can be drafted into statutes for the General Assembly's consideration in 1973. (For Transfers and Authority Statements, see Enclosures # 6-8, pp. 55-58).

D. Continuing Reorganization

It is important that reorganization begin as soon as possible, after the 1971 General Assembly acts, for it can have a great impact on the future of the state. But it should not be assumed that everything necessary for reorganization can be done in 1971 or 1973 -- or even by 1975. Reorganization, to be truly effective, must be continuing. In later years as demands and needs for services change, the organizational structure should be modified to meet the new needs. The internal organization of departments must not be frozen into a structure which will not allow a necessary change to be made quickly, and the functional departments recommended in 1971 must not be viewed as the way state government must always be organized. There should be continuing study in the future to detect when functional area or internal organization changes are necessary, and responsibility for such study should be clearly assigned to an element of state government as a permanent responsibility.

E. Need for Examination of Other Management Functions

The effectiveness of government is influenced not only by the way in which it is organized but also by the effectiveness of its other management functions. Planning, personnel, and budgeting form an integral part of any organization; when the organizational structure is changed, these three key functions should also be studied to assure that they are being utilized to

VI. E continued

their fullest potential. Other management functions such as supervising and coordination need also to be examined to help them relate in the best way possible to the new organization.

F. Recommendations

that the 1971 General Assembly:

Specify the major functional departments and assign existing agencies to them in accordance with the recommendations of the Committee. (Enclosure # 5, p. 36).

Establish the major functional departments, in accordance with the recommendations of the Committee.

Authorize the Governor to appoint heads of the new functional departments.

Prescribe the authority the heads of the functional departments will have with respect to assigned agencies when appointed, in accordance with the recommendations of the Committee. (Enclosures # 6-8, pp. 55-58).

Provide authority for the heads of the functional departments to create staffs to assist them.

Request the Governor to submit further recommendations to the 1973 General Assembly for the reorganization of the departments.

Authorize the Governor to take such action as he considers necessary to implement reorganization, including but not limited to:

Creating a commission and staff to coordinate implementation and develop further reorganization recommendations;

Conducting a study of the state resource allocation procedures, to include the planning process, the budget process, and recommending to the 1973 General Assembly actions to increase the effectiveness of reorganization; and

Conducting a study of state personnel policies, programs, and procedures to identify ways of providing and improving the necessary management skills in state government, and providing specific recommendations to the 1973 General Assembly.

Appropriate funds to meet the costs of the above actions.

Provide authority for the Governor to transfer funds as necessary to implement reorganization.

C. Need for Standardized Titles

One of the results of reorganization can be a state government that is easier for our citizens to understand. In the existing structure there is wide variety in the titles assigned to individuals and organizational elements. We have directors, administrators, supervisors, chiefs, boards, commissions, councils, offices, bureaus, branches, sections, divisions and many other titles in use. This practice is misleading and confusing. As reorganization progresses there will be opportunities to standardize titles so that individuals and organization elements at the same level with the same general types of functions will eventually have similar titles. This will make it easier for people both inside and outside of state government to understand the organization and to easily identify where responsibilities lie. Some alternatives for achieving this are illustrated in Enclosure # 9, p. 60.

1. Recommendation

that titles of individuals and organization elements be standardized as reorganization progresses.

D. Study of Licensing Boards

There are 31 boards in North Carolina that have the granting of licenses as their primary function. (Enclosure # 10, p. 61). In some instances, as in the health field, these boards involve professions that are closely related to the services of major state agencies. In other cases the boards cannot logically be related to major services performed by the state. Although the maintenance of sound standards in these professional and non-professional fields is essential, and best insured by the concern of those in these fields, it is probable that the administration of licensing and the derivation of standardized data resulting from the process, can be improved by increased coordination. Although the State Government Reorganization Study did not

VII. Other Considerations

A. Accounting Standardization

In the past the practice of auditing in government has been used solely to prevent or discover the misuse of public funds. However, in recent years it has become apparent that accounting systems and audits are also effective tools in the management of government operations when they can be used to relate expenditures to program objectives. In establishing new departments there will be a need to standardize accounting systems if the heads of these departments are to effectively manage them. As an example, good management of the Department of Natural Resources will require that comparisons be made among the costs and achievements of its elements. This can only be done if the elements concerned have compatible and flexible accounting systems.

1. Recommendation

that early study be given to the problems of accounting standardization and flexibility in the new departments.

B. Application of the State Personnel Act

The State Personnel Act applies to most of the existing agencies of state government. However, some licensing agencies, corporations and authorities are not subject to this Act. Although exclusion of specific positions from coverage under the Act is a practice of long-standing and desirable, there appears to be no valid reason for the blanket exclusion of any state agency.

1. Recommendation

that all agencies in the Executive Branch that derive their functions from acts of the General Assembly be subject to the provisions of the State Personnel Act, provided that exceptions for individual positions may continue to be authorized as required.

VI. F continued

that the Governor in 1971 and 1972:

As authorized by the 1971 reorganization bill, establish a commission and staff to coordinate the implementation of reorganization and the development of further reorganization recommendations;

As authorized by the 1971 reorganization bill, study the state planning process, budget process, accounting system, and personnel system, to develop and implement new procedures to improve the management of state government operations;

Provide detailed information to gubernatorial candidates on the purposes and progress of state government reorganization.

that the 1973 General Assembly:

Enact legislation to refine and update the statutes in accordance with the recommendations developed by the Governor in 1971-72.

that the Governor in 1973 and 1974:

Implement actions authorized by the 1973 General Assembly

Develop additional reorganization recommendations he considers necessary for the 1975 General Assembly.

that the 1975 General Assembly:

Conduct a complete review of reorganization to ensure that the objectives of the Constitutional Amendment are met.

that the Governor in 1975:

Provide for the continuous review of the management practices of state government, taking such action as he deems necessary to correct deficiencies and recommending action by the General Assembly when required.

VII. D continued

originally concern itself with the 31 licensing boards, at the final meeting of the full Committee a motion was passed to include the following recommendation in this report:

1. Recommendation

that the Governor appoint a special committee to conduct a study of licensing boards in North Carolina with a view to standardization and consolidation.

(HB 568)

EXECUTIVE REORGANIZATION AMENDMENT

Session Laws 1969, Chapter 932

This amendment amends Article III, Section 5, of the Revised Constitution by adding thereto subsection (10), to read as follows:

"(10) Administrative reorganization. The General Assembly shall prescribe the functions, powers, and duties of the administrative departments and agencies of the State and may alter them from time to time, but the Governor may make such changes in the allocation of offices and agencies and in the allocation of those functions, powers, and duties as he considers necessary for efficient administration. If those changes affect existing law, they shall be set forth in executive orders, which shall be submitted to the General Assembly not later than the sixtieth calendar day of its session, and shall become effective and shall have the force of law upon adjournment sine die of the session, unless specifically disapproved by resolution of either house of the General Assembly or specifically modified by joint resolution of both houses of the General Assembly."

This amendment also amends Article III by adding thereto the following new section:

"Sec. 11. Administrative departments. Not later than July 1, 1975, all administrative departments, agencies, and offices of the State and their respective functions, powers, and duties shall be allocated by law among and within not more than 25 principal administrative departments so as to group them as far as practicable according to major purposes. Regulatory, quasi-judicial, and temporary agencies may, but need not, be allocated within a principal department."

NORTH CAROLINA GENERAL ASSEMBLY

1969 SESSION

RATIFIED BILL

CHAPTER 1209

HOUSE BILL 1285

AN ACT TO AUTHORIZE THE GOVERNOR TO CONSOLIDATE AGENCIES OF THE STATE HAVING RELATED DUTIES AND RESPONSIBILITIES, AND TO PREPARE RECOMMENDATIONS FOR INCREASING EFFICIENCY IN STATE GOVERNMENT BY REDUCING THE NUMBER OF STATE AGENCIES.

The General Assembly of North Carolina do enact:

Section 1. The Governor is hereby authorized to direct the inauguration of studies to determine which agencies of the State conduct operations which are so nearly related to the operations of one or more other agencies that a consolidation would produce the same or a more efficient operational result at a reduction in cost, and to prepare recommendations to be presented to the 1971 General Assembly to effect such consolidations.

Sec. 2. For purposes of conducting the study, the Governor is authorized to utilize funds available to him from private sources, or from federal or other governmental grants, to be matched, as may be required, by funds available within the existing Department of Administration budget.

Sec. 3. The Governor shall direct that agencies which should be consolidated with or absorbed into other agencies having similar responsibilities and duties, as determined by the outcome of the study, shall be so consolidated or absorbed when, in his opinion, efficiency in State governmental operations will

be increased thereby, or when such consolidation will result in a reduction in the cost of administering state activities without a reduction in the effectiveness of such operations; provided, however, that the Governor shall not direct such consolidation or combination as would diminish the duty or authority of any State agency or institution created by act of the General Assembly.

Sec. 4. All laws and clauses of laws in conflict with this Act shall hereby be repealed.

Sec. 5. This Act shall become effective July 1, 1971.

In the General Assembly read three times and ratified, this the 1st day of July, 1969.

H. P. TAYLOR, JR.

H. P. Taylor, Jr.
President of the Senate.

EARL W. VAUGHN

Earl W. Vaughn
Speaker of the House of Representatives.

GOVERNOR'S COMMITTEE ON
STATE GOVERNMENT REORGANIZATION

CHAIRMAN: Senator John T. Henley
Hope Mills

VICE CHAIRMAN: Mr. William E. Stevens, Jr.
Executive Vice President, Broyhill
Furniture Industries
Lenoir

EX OFFICIO Governor Luther Hodges
Raleigh

Members

Governor Terry Sanford
Durham

Governor Dan Moore
Raleigh

CITIZENS FROM BUSINESS AND PROFESSIONAL FIELDS AND LEGISLATORS:

Representative Ike F. Andrews
Siler City

Dr. Lennox Baker, Chairman, State Board of Health
Durham

Mr. Harvey Beech, Attorney
Kinston

Mr. Ralph Biggerstaff, President, Alamance Builders
Mebane

Senator Thomas Bryan
Wilkesboro

Mr. Emmett Burden, Executive Secretary, State
Employees' Association
Raleigh

Mr. Alvis Carver, Farm Equipment Dealer and Past
State Commander, American Legion
Dunn

Mr. David Clark, Attorney and former member of
the General Assembly
Lincolnton

Mr. George Coggins, President, Westgate Corp.
Asheville

Dr. Frances Dawson, President, League of Women Voters
Elon College

Dr. Preston Edsall, Professor Emeritus (Political
Science) North Carolina State University
Raleigh

Dr. Jack Fleer, Head of Department of Political
Science, Wake Forest University
Winston-Salem

Senator Fred Folger, Jr.
Mount Airy

Mr. Wilbert Forbes, Assistant to the Vice President,
Southern Railway Company
Raleigh

Mr. P. T. (Pat) Fugate, Carolina Telephone and
Telegraph Company
Tarboro

Speaker of the House Phil Godwin
Gatesville

Mr. Gordon Greenwood, Chairman, County
Commissioners, Buncombe County
Asheville

Mrs. Margaret Harper, Past President, N. C. Federation of
Women's Clubs
Southport

Mr. Jesse Helms, Executive Vice President, WRAL-TV
Raleigh

Dr. Dallas Herring, Chairman, State Board of Education
Rose Hill

Representative Jim Holshouser
Boone

Mr. D. Staton Inscoe, Retired (former postmaster)
Raleigh

Representative Roberts Jernigan
Ahoskie

Mr. William McGuire, President, Duke Power Company
Charlotte

Senator Herman Moore
Charlotte

Mr. John Morrisey, General Counsel
Association of County Commissioners
Raleigh

Mr. Tom Outlaw, Executive Secretary
The Association of Motor Carriers
Raleigh

* Mr. Gene Price - Goldsboro News-Argus
Goldsboro

Representative Dwight Quinn
Kannapolis

Mr. Sam Ragan, The Pilot
Southern Pines

Mr. Ed Rankin, Executive Vice President
North Carolina Citizens Association
Raleigh

Representative Bill Roberson
Washington

Mr. John J. Ryan, Vice President and General Manager
Southern Bell Telephone and Telegraph
Charlotte

Mr. George Smart, Architect
Raleigh

Mr. H. A. (Jack) Smith, Administrative Officer
Soil and Water Conservation, NCSU
Raleigh

Mr. Kenneth Smith, Vice President, The National Association
of Real Estate License Law Officials and member of Real
Estate Licensing Board
Raleigh

Representative Eugene Snyder
Lexington

Representative Gus Speros
Maxton

Dr. Nick Stratas, Deputy Commissioner
Department of Mental Health
Raleigh

Senator Thomas E. Strickland
Goldsboro

* Resigned

Mr. Cecil Viverette, Manager, Blue Ridge
Electrical Corporation
Lenoir

* Senator Herman West
Murphy

Mr. David J. Whichard - Daily Reflector
Greenville

Mr. Howard White, Editor - Burlington News
Burlington

Mr. S. Leigh Wilson, Executive Director
League of Municipalities
Raleigh

* Resigned

In July, 1970, the Study staff sent 133 questionnaires to the major agencies and boards of the state, asking them their opinion of the Study staff's recommendation for their placement. Seventeen agencies requested an appearance before Subcommittee No. 1 to discuss the Staff proposal. Their comments to the subcommittee are summarized below. Also, three agencies commented in writing on the proposed placements, but did not wish to appear before the subcommittee. The opinions of these three officials are also summarized.

It should be noted that the names of several functional areas referred to below are changed by Subcommittee No. 1. The changes were as follows:

Human Affairs changed to Health and Social Services
 Corrections changed to Social Rehabilitation and Control
 Consumer Affairs changed to Commerce
 Cultural and Historical Affairs changed to Art, Culture, and History
 Transportation and Safety changed to Transportation and Highway Safety
 Military Affairs changed to Military and Veterans' Affairs

SUMMARY OF AGENCY COMMENTS TO SUBCOMMITTEE # 1

1. State Agriculture Commissioner Jim Graham urged that the Reorganization Committee not remove the Museum of Natural History and the Credit Union Division from the Department of Agriculture. The Reorganization Study has recommended the placement of the Museum within the Department of Cultural and Historical Affairs, and the placement of the Credit Union Division within the Department of Consumer Affairs.
2. Mr. Jack Rider, a member of the State Board of Veterans' Affairs, and C. E. Thompson, Jr., Commander of the North Carolina Veterans' Council, spoke to ask that the Department of Veterans' Affairs be kept an independent agency, instead of being placed in the Department of Military Affairs as proposed by the Study. In answer to questions, Mr. Rider said that, because of its unique services to a unique group, the Department should remain independent and not have to operate through another screen of the bureaucracy to get to the Governor and the General Assembly.
3. Mr. Harry Westcott, Chairman of the Utilities Commission, and Mr. Edward B. Hipp, Commission Attorney, spoke to ask that the Utilities Commission remain independent because of its quasi-judicial nature, rather than be placed in the Department of Consumer Affairs. When asked if a more proper placement might be with the Judicial branch, Mr. Hipp said "no", because ordinary courts do not enforce their own rules as do quasi-judicial agencies.
4. Mr. Fred Hauser, Vice Chairman of the Governor's Committee on Employment of the Handicapped, said that he felt a more proper placement for his committee might be the Department of Administration, as they are now assigned, rather than the recommended placement in the Department of Human Affairs. Mr. Hauser noted that 90% of their funds and program is concerned with public relations, promoting understanding of the problems of the handicapped.
5. Mrs. Lee Wilder, Executive Director of the Governor's Advisory Committee on Beautification, appeared to explain some of the work of her committee and to

say that she was unsure of where the best placement might be. She noted that "Beautification" is not merely a "natural resource" function, but touches other areas as well, areas such as transportation, development, and local affairs. In answer to a question, Mrs. Wilder said that the Department of Local Affairs might be an appropriate placement, since so much work is done at the local level and since coordination between state and local governments is so important. She also noted that Beautification is presently housed with Local Affairs and has been helped by them.

6. The Attorney General discussed some of the reasons that the Consumer Protection Division is necessary. The Division, he said, represents the public in a number of ways, one of which is assuring that both sides will be presented to quasi-judicial bodies such as the Utilities Commission in such matters as rate increase requests. Utilities, said Morgan, are granted monopoly to do business in a certain area. This monopoly insures the public better service than a system of competition. In exchange for this lack of competition, utilities are subject to regulation by a regulatory body -- in North Carolina, the Utilities Commission. The Consumer Protection Division, said the Attorney General, makes sure that all points of view are represented to the Commission. The industries cannot be expected to make a case against themselves and the Utilities Commission could not reasonably be expected to act as both judge and prosecutor in cases. Therefore, some other agency needs to present evidence to the Commission for the public so the Commission will have all the facts it needs to make decisions. This is the role of the Consumer Protection Division. Morgan warned that if the States do not have some means to actively represent the public the federal government will take over such activities as utilities regulation.
7. Commissioner Blaine Madison of Juvenile Corrections urged that the Subcommittee place it under the jurisdiction of the proposed Department of Human Affairs. He introduced C. A. Dillon, Chairman of the Board of Juvenile Corrections and Rep. T. C. Auman, Vice Chairman, who asked the Subcommittee to keep the Department as far removed as possible from the "criminal element" and to keep the atmosphere one of a training school, not that of a correctional institution. Other persons also spoke in support of the placement of Human Affairs: W. R. Collins, Chairman of the Advisory Board to the Board of Juvenile Corrections, Mrs. Fannie T. Newsome, member of the Advisory Board and past President of the North Carolina Federation of Negro Women's Clubs (whose organization recently endorsed the placement in Human Affairs) and Board members Mrs. C. L. Gilliatt, Mr. John C. Jones, Mr. Joseph W. Nordan, and Mr. Bobby Stott.
8. Mr. W. H. Gibson, Director of the North Carolina Probation Commission, urged that the Subcommittee place it with the Administrative Office of the Courts. Gibson introduced William Burgwyn, Jr. of Woodland, Solicitor of the Third District and member of the Probation Commission. Burgwyn felt that since the 22,000 men on probation are subject to the courts, not Corrections, the Commission should be placed with the courts. He noted that it costs the State \$2,500 a year to keep a man in prison, but only \$117 to keep him on probation. In answer to questions, Gibson said that there is no duplication between the family court probation system under the Administrative Office of the Courts and the juvenile probation system, since they are so fragmented and since the juvenile system is not uniformly operative. Gibson said new legislation is necessary to grant authority for a juvenile probation system. Board member George M. Fountain, of Tarboro, Superior Court Judge of the 7th District said, in answer to a question, that the courts have great confidence in the Probation Commission and would continue to have this confidence whether the Commission is placed with the Administrative Office of the Courts, or with Corrections.

9. Wade Brown, Chairman of the North Carolina Board of Paroles, noted that the Board is established in the North Carolina Constitution, Article 3, Section 6, and is providing a service different from other State agencies, a service which should not be limited by or merged with these other agencies. In answer to questions on the similarity between parole and probation officers, Brown noted that Parole Officers have smaller case loads and provide a different type of supervision to parolees than do probation officers to their clients.
10. Mr. J. Howard Bunn, Chairman of the Industrial Commission, appeared to request that his agency remain independent rather than be assigned to Human Affairs. Mr. Bunn expressed concern that the proposed placement might make it difficult for the Commission to rule impartially on claims against other state agencies. Mr. Bunn noted that he did not have sufficient information on the functional areas to say in which area, if any, the Commission would fit. He said that at present the Commission reports only to the Governor and, though the budget must be approved by the Advisory Budget Commission, it has its own budget officer. He said that the Commission is appointed by the Governor for fixed terms, but that appeals from their decisions are to the courts, not the Governor.
11. Mr. Jack Hooks, a member of the Wildlife Resources Commission, appeared before the subcommittee to ask several questions regarding their placement within any functional area, requesting answers by the subcommittee before the Commission recommended a placement. Senator Henley noted that several of the questions could not be answered at that meeting because they depend upon action of the entire committee - and will ultimately depend upon the Governor and finally the General Assembly.
12. Mr. John Alexander, President of the North Carolina Railroad Company, appeared to ask that the Railroad be assigned to the Department of Administration rather than the Department of Transportation and Highway Safety. Mr. Alexander said the Railroad is a corporation, not a state agency, and has no employees on the state payroll. The Railroad leases its tracks to Southern Railroad, a lease which will be renegotiated in 1994. Southern Railroad maintains the trackage and pays the Railroad for use of the land. Dividends are paid from this to the shareholders, which includes the state.
13. Mr. Brian Scott, Chairman of the State Board of Elections, asked that the State Board of Elections remain independent instead of being placed with the Office of the Secretary of State. Mr. Scott expressed the fear that the Board would lose its bipartisan reputation if it were placed under the office of an elected official. Senator Henley noted that in 43 states the Secretary of State is the Chief Elections Officer. Mr. Scott said that presently there is cooperation between the two offices; the State Board certifies nominees who are then issued certificates by the Secretary of State.
14. Mr. Elbert L. Peters, Jr., Director of the Governor's Highway Safety Program, asked that the Program be put in (1) the Governor's Office (2) Administration, or (3) Local Affairs rather than the Department of Transportation and Highway Safety. He said that his agency is primarily a coordinating one, acting in a staff, advisory, administrative capacity to both state agencies and to local subdivisions.
15. Dr. Leigh Hammond, Deputy Director of the Department of Administration, spoke to the subcommittee to recommend placement of the Marine Science Council in the Department of Administration rather than in Natural Resources. Hammond said that the Council acts more as an advisory agency, developing plans, programs, and policy recommendations for the Governor; he said that in the Council's work, the planning and the programs cut across many agencies.

16. Mr. Philip S. Ogilvie, the State Librarian, told the subcommittee that the State Library Board is quite happy with the proposed placement within the Education functional area. He said the State Library is basically an informational, resource, service agency, with the main emphasis on service, and that its role is an educational one.
17. Mr. Roy G. Sowers, Jr., Director of the Department of Conservation and Development, expressed the opinion that the two functions, conservation and development, should not be separated. He said that splitting the agency would weaken both functions, particularly conservation. He urged as an alternative, that major operating agencies be assigned to a department containing conservation and development functions, including those now assigned to the Department of Conservation and Development.

THE FOLLOWING AGENCIES COMMENTED IN WRITING BUT DID NOT ASK TO BE HEARD:

1. The Commissioner of Insurance, while not wishing to appear before the Subcommittee, expressed reservations in his questionnaire reply about the placement of the Savings and Loan Association in the same department with banks, fearing that the association might lead to "strangulation" of the Savings and Loans.
2. State Treasurer, Edwin Gill, stated in answer to the questionnaire that he had reservations about placing the Tax Review Board under a new Department of Revenue. Mr. Gill said that a difficult situation could arise, since the Tax Review Board acts as an appeal board from final tax determinations of the Commissioner of Revenue. An appeals board should not, he implies, be subject to the authority of the person whose rulings are being appealed.
3. The Commissioner of Motor Vehicles stated in the questionnaire that the Department of Motor Vehicles should be separate from the Highway Commission. He stated that many states across the country had been reorganized in this direction in recent years.

ENCLOSURE # 5

Tabulation of Major Recommendations Concerning the Departments of State
Government, Existing Agencies to be Assigned to Each, Types of Transfers,
and Authority of Department Heads:

Recommended Principal Departments

1. Department of the Secretary of State	Page 37
2. Department of Agriculture	Page 37
3. Department of State Auditor	Page 38
4. Department of Labor	Page 38
5. Department of Insurance	Page 39
6. Department of State Treasurer	Page 39
7. Department of Justice	Page 40
8. Department of Education	Page 40
9. Department of Local Affairs	Page 42
10. Department of Administration	Page 42
11. Department of Commerce	Page 44
12. Department of Revenue	Page 44
13. Department of Military and Veterans' Affairs	Page 45
14. Department of Social Rehabilitation and Control	Page 46
15. Department of Economic Development	Page 47
16. Department of Transportation and Highway Safety	Page 47
17. Department of Natural Resources	Page 48
18. Department of Art, Culture and History	Page 50
19. Department of Health and Social Services	Page 52

Existing agencies recommended for assignment to each principal department are listed on the pages indicated above.

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of the Secretary of State <u>MISSION</u> To store, register, and issue State documents, to administer certain political and commercial documents, and to supervise the election process in the State. <u>HEAD</u> Secretary of State	As under existing Statutes	The existing Department of Secretary of State The State Board of Elections The Notary Clerk (formerly the Governor's office) The Special Police Officer Function (formerly in the Governor's office)		II		CS
<u>NAME</u> Department of Agriculture <u>MISSION</u> To carry out programs of research and information to aid the agricultural community, and to protect the consumer public through inspection, regulation, and service functions. <u>HEAD</u> The Commissioner of Agriculture	As under existing Statutes	The existing Department of Agriculture* The Board of Agriculture Structural Pest Control Committee Board of Directors, N.C. Agricultural Hall of Fame Gasoline and Oil Inspection Board N.C. Rural Rehabilitation Corp. Board of Crop Seed Improvement N.C. Public Livestock Market Advisory Board	I	II		CS CS CS CS CS CS CS I

*See Note 1, p. 61

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of State Auditor <u>MISSION</u> To act as chief accountant for the State, reporting yearly to the Governor and the Advisory Budget Commission on the status of all funds, revenues, and expenditures, as revealed by his audit. <u>HEAD</u> The State Auditor	As under existing Statutes	State Auditor -----				CS
<u>NAME</u> Department of Labor <u>MISSION</u> To administer a labor and manpower program for N.C., promoting a high level of employment, good labor-management relations, and safe working conditions. <u>HEAD</u> The Commissioner of Labor	As under existing Statutes	Department of Labor ----- Governor's Committee ----- I on Employment of the Handicapped N.C. Board of Boiler Rules ----- Apprenticeship Council ----- Commission on the Education and Employment of Women ----- I Committee on Jobs for Ex-offenders (recently announced by Gov. Scott) ----- I N.C. Arbitration Panel ----- Safety Advisory Bd. ----- Private Employment Agencies Advisory Bd. -----				CS CS CS CS CS CS

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Insurance <u>MISSION</u> To execute the laws re- lating to insurance for the good of the public <u>HEAD</u> Commissioner of Insurance	As under existing Statutes	The existing Depart- ment of Insurance*	-----	-----	-----	CS
		Insurance Advisory Board	-----	-----	-----	CS
		Health Insurance Advisory Board	-----	-----	-----	CS
		Building Code Council	-----	-----	-----	CS
		*See Note 2, p.61				
<u>NAME</u> Department of State Treasurer <u>MISSION</u> To act as Chief Finan- cial Officer for the State, receiving and investing funds paid to the State, receiving and investing retirement benefits, and supervising local govern- ment finance. <u>HEAD</u> The State Treasurer	As under existing Statutes	Existing Department of State Treasurer	-----	-----	-----	CS
		Local Government Commission	-----	-----	-----	CS
		Teachers and State Employees' Retire- ment System	-----	II	-----	
		The Local Govern- mental Employees' Retirement System	-----	II	-----	
		Public Employees' Social Security Agency	----- I	-----	-----	
		Firemens' Pension Fund	-----	II	-----	
		Law Enforcement Officers' Benefit and Retirement Fund	-----	II	-----	
		The Legislative Re- tirement System	-----	II	-----	
		State Board of Pensions	-----	II	-----	

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> The Department of Justice <u>MISSION</u> To act as legal counsel for State Government, to assist local law enforcement agencies, to protect the consumer public, and to investigate certain alleged offenses as required by law or as requested by the Governor or the Attorney General. <u>HEAD</u> The Attorney General	As under existing Statutes	The Department of Justice The State Bureau of Investigation The Arson Investigation Division The General Statutes Commission				CS CS I CS
<u>NAME</u> The Department of Education <u>MISSION</u> To further the educational level, skills, and knowledge of the citizens of all ages of the State, through programs involving a variety of learning experiences. <u>HEAD</u> Superintendent of Public Instruction	As under existing Statutes	Superintendent of Public Instruction State Board of Education* Department of Community Colleges Nine Month School Fund The Governor's School Vocational Education Purchase of Free Textbooks The Textbook Commission Purchase of School Buses Instruction and Training for Trainable Mentally Handicapped Children *See Note 3, p.63				CS CS CS CS CS CS CS CS CS CS CS

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER				
			I See page 57	II See page 57	Special See page 58	Council of State See page 62	
<u>NAME</u>							
The Department of Education (continued)		National Defense Ed. Program				CS	
		Professional Improvement of Teachers				CS	
		Financial Assistance to Hospital Programs of Nursing Education				CS	
		Student Loan Fund Teacher Education				CS	
		N.C. Advancement School				CS	
		Related Board Vocational Textile School				CS	
		Related Board				CS	
		Interstate Compact on Qualifications of Educational Personnel		I			
		Interstate Compact for Education			II		
<u>NAME</u>							
The Department of Education (continued)							

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Local Affairs <u>MISSION</u> To aid units of local government through information transmittal, program coordination, and services to the localities. <u>HEAD</u> The Secretary of Local Affairs	See page 55	The Department of Local Affairs Advisory Committee on Local Affairs Committee on Recreation Committee on Law and Order Committee on Community Planning	I I I I	II		
<u>NAME</u> The Department of Administration <u>MISSION</u> To provide policy advice and staff assistance to the Executive; to coordinate the activities of other departments in the preparation of plans and budgets, in the purchase and disposal of real property, equipment, and contractual services, in the construction of facilities, and in the development of communication, data processing and management	See page 55 and Note 4, page 63	Existing Department of Administration Personnel Dept. N.C. Housing Corp. Personnel Board N.C. Capital Building Authority N.C. Capital Planning Commission Inter-Departmental Building Regulation Committee N.C. Stadium Authority State Youth Council N.C. Zoological Authority N.C. Commission on Interstate Cooperation	I	II II II II II II II II II		

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Administration (continued) systems; to provide general transportation and maintenance services in the Raleigh area, and to coordinate the activi- ties of such other agen- cies as may be assigned to the department. <u>HEAD</u> Director of Administration		Marine Science Council N. C. Good Neighbor Council State Construction Finance Authority	----- I ----- -----	----- II ----- II		
<u>NAME</u>						

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			Council of State See page 62
			I See page 57	II See page 57	Special See page 58	
<u>NAME</u> Department of Commerce <u>MISSION</u> To protect the interests of the public and of businesses serving the public through fair regulation, to promote a high level of employment, and to administer payment of unemployment insurance and workman's compensation payments. <u>HEAD</u> The Secretary of Commerce	See page 55	State Board of Alcoholic Control Utilities Commission Employment Security Commission Industrial Commission State Banking Commission Savings and Loan Association Credit Union Division Milk Commission N. C. Burial Association Commission N.C. Rural Electrification Authority			S S S S S S S S S	
<u>NAME</u> Department of Revenue <u>MISSION</u> To administer fairly the tax laws of the State, to study the effects of these laws, and to identify future revenue needs and resources. <u>HEAD</u> The Commissioner of Revenue	See page 55	Revenue Department Department of Tax Research Tax Review Board State Board of Assessment	----- I ----- I		S S	

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Military and Veterans' Affairs <u>MISSION</u> To prepare troops for active service either as a unit of the Armed Forces or as a state force to serve in time of national disaster or civil disorder; to develop and maintain a non-military emergency preparedness capability; and to provide assistance to veterans, their families, and their dependents in obtaining their due rights and benefits. <u>HEAD</u> The Secretary of Military and Veterans' Affairs	See page 55	Adjutant General's Department ----- I State Civil Defense Agency ----- I State Civil Air Patrol ----- II Department of Veterans' Affairs ----- II Armory Commission ----- II National Guard ----- II Mutual Assistance Compact				

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NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Social Rehabilitation and Control <u>MISSION</u> To reduce the impact of unlawful acts on society through behavior modification, control of offenders, and through programs to prepare offenders and society to work in harmony; and to counsel and assist young people who have behavior problems.	See page 55	Department of ----- Correction Board of Juvenile ----- Correction Probation Commission ----- Board of Paroles ----- Interstate Agree- ----- ment on Detainers Out-of-State Parolee ----- Supervision		II II II II II		
<u>HEAD</u> Secretary of Social Rehabilitation and Control						

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NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> The Department of Economic Development <u>MISSION</u> To encourage the development of commerce and industry, and to collect, classify, and publish data on North Carolina resources. <u>HEAD</u> The Secretary of Economic Development	See page 55	Division of Commerce and Industry ----- I Geodetic Survey ----- I Travel and Promotion ----- I N.C. State Ports Authority ----- II N.C. Board of Science and Technology ----- II Atomic Energy Advisory Committee ----- I Southern Interstate Nuclear Compact ----- I				
<u>NAME</u> The Department of Transportation and Highway Safety <u>MISSION</u> To plan and develop the State's transportation facilities consistent with its needs and economic objectives and to regulate the ownership and operation of motor vehicles. <u>HEAD</u> The Secretary of Transportation and Highway Safety	See page 55	Highway Commission ----- II Department of Motor Vehicles ----- S Governor's Highway Safety Committee and Traffic Safety Authority ----- I N.C. Turnpike Authority ----- II Wreck Commissioners ----- I Board of Commissioners of Navigation and Pilotage for the Cape Fear River ----- II Governor's Aviation Committee ----- I N.C. Railroad ----- II Atlantic and N.C. Railroad ----- II Vehicle Equipment Safety Commission ----- I				

Tabulation of Major Recommendations concerning the Departments of State Government,
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NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> The Department of Natural Resources <u>MISSION</u> To provide sound policy, coordinated planning and effective and consistent execution and administra- tion of programs related to the development and utilization of the state's natural resources. <u>HEAD</u> The Secretary of Natural Resources	See page 55	N.C. Forest Service ----- I Mineral Resources ----- I Division Commercial and ----- I Sports Fisheries Wildlife Resources ----- II Commission Department of Water ----- II and Air Resources State Parks ----- I Forestry Advisory ----- I Committee N.C. National Park, ----- II Parkway and Forests Development Com- mission N.C. Mining Council ----- II Kerr Reservoir ----- II Development Commission Lockhart Gaddy Wild ----- II Goose Refuge Commission Seashore Advisory ----- I Board Board of Water and ----- II Air Resources Air Pollution Ad- ----- II visory Council Water Pollution ----- II Advisory Council State Soil and Water ----- II Conservation Com- mittee Governor's Advisory ----- I Committee on Beautification, Inc.				

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> The Department of Natural Resources (continued)		N.C. Water Safety Committee ----- II Brunswick-New Hanover Maritime Commission ----- II Interstate Mining Compact ----- I Commercial and Sports Fisheries Advisory Board ----- I Atlantic States Marine Fisheries Commission ----- I See Note 5, p.63				
<u>NAME</u>						

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> The Department of Art, Culture and History (continued)		Sir Walter Raleigh Memorial Commission Historic Bath Commission Historic Hills- borough Com- mission John Motley More- head Memorial Commission Historic Murfrees- boro Commission Frying Pan Light- ship Marine Museum Commission The Robert Lee --- Daughton Memorial Commission	-----	II		
<u>NAME</u>		Guilford County --- Bicentennial Commission Daniel Boone Mem- orial Commission Moore's Creek --- Battleground Association Old Salem --- Governor Richard --- Caswell Memorial Commission N.C. Battleship --- Commission Historic Swansboro Commission Edenton Historical Commission	-----	II		

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			Council of State See page 62
			I See page 57	II See page 57	Special See page 58	
<u>NAME</u> The Department of Art, Culture and History	See page 55	Department of Ar- chives and History	-----	II		
		N.C. State Library	-----	II		
		State Museum of Natural History	-----	II		
<u>MISSION</u> To preserve the culture and heritage of North Carolina and to bring the value of the artistic, cultural, natural, and historical to the atten- tion of the people of this and other states.		N.C. Museum of Art	-----	II		
		Library Certifica- tion Board	-----	II		
		Interstate Library Compact	-----	II		
		Related Advisory Commission	-----	II		
		N.C. Art Society	-----	II		
		Tryon Palace Commission	-----	II		
		N.C. Arts Council				
<u>HEAD</u> The Secretary of Art, Culture and History		N.C. Symphony Society, Inc.	-----	II		
		Memorials Commission	-----	II		
		400th Anniversary of the Colony Commission	-----	II		
		State Art Museum Building Commission	-----	II		
	Executive Mansion Fine Arts Com- mission	-----	II			
	George Washington Statue Commission	-----	II			
	N.C. American Revo- lution Bicentennial Commission	-----	II			
	N.C. Awards Commission	-----	II			
	Tobacco Museum Board	-----	II			
	Roanoke Island His- torical Association	-----	II			

Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			Council of State See page 62
			I See page 57	II See page 57	Special See page 58	
<u>NAME</u> The Department of Art, Culture and History (continued)		Charles B. Aycock Commission Bennett Place Mem- orial Commission	-----	II		
			-----	II		
<u>NAME</u> Department of Health and Social Services <u>MISSION</u> To establish health and education programs to enable the citizens of the state to contribute to and participate in society; to provide health and education services, and institutional care for citizens who are aged, in- firm, orphaned, and physically or mentally handicapped. <u>HEAD</u> The Secretary of Health and Social Services	See page 55	Department of Health State Board of Health Salt Marsh Mosquito Advisory Commission Office of Chief Medical Examiner Department of Social Services State Board of Social Services Advisory Committee for Medical Assistance to the Board of Social Services Department of Mental Health State Board of Mental Health	-----	II		
			-----	II		
			-----	II		
			-----	II		
			-----	II		
			-----	II		
			-----	II		
			-----	II		
			-----	II		

Tabulation of Major Recommendations concerning the Departments of State Government,
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NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Health and Social Services (continued)		Medical Advisory Council to the Board of Mental Health Mental Health Council Advisory Council on Alcoholism to the State Board of Mental Health Medical Care Commission Advisory Committee to Medical Care Commission N.C. State Commission for the Blind	-----	II -----		
<u>NAME</u> Department of Health and Social Services (continued)		Professional Advisory Committee to the Blind Commission Blind Advisory Committee Vocational Rehabilitation Division Eugenics Board Asheville Orthopedic Hospital The Governor Morehead School Eastern N. C. School for the Deaf (at Wilson) N. C. School for the Deaf (at Morganton) N.C. Orthopedic Hospital	----- ----- I ----- ----- ----- ----- ----- ----- -----	II ----- ----- II ----- II ----- II ----- II ----- II		

**Tabulation of Major Recommendations concerning the Departments of State Government,
Existing Agencies to be Assigned to Each, Types of Transfers, and Authority of Department Heads**

NAME, MISSION, AND HEAD OF DEPARTMENT	AUTHORITY OF DEPARTMENT HEAD	EXISTING AGENCIES ASSIGNED	TYPE OF TRANSFER			
			I See page 57	II See page 57	Special See page 58	Council of State See page 62
<u>NAME</u> Department of Health and Social Services (continued)		N.C. Cerebral Palsy Hospital N.C. Sanatorium Child Caring Institutions Governor's Coordinating Council on Aging Council on Mental Retardation Confederate Women's Home N.C. Cancer Institute N.C. Cancer Study Commission N.C. Board of Anatomy	----- I ----- I ----- I ----- I ----- I ----- I ----- I ----- I ----- I	----- II ----- II ----- II ----- II ----- II ----- II ----- II ----- II ----- II		
<u>NAME</u> Department of Health and Social Services (continued)		Interstate Compact on Mental Health Interstate Compact on Juveniles	----- I ----- I			

BASIC AUTHORITY OF APPOINTED DEPARTMENT HEADS

The powers and duties listed below apply to the following department heads who shall be appointed by the Governor and serve at his pleasure:

Commissioner of Revenue	Secretary of Health and Social Services
Secretary of Local Affairs	Secretary of Commerce
Secretary of Art, Culture and History	Secretary of Military and Veterans' Affairs
Secretary of Natural Resources	Secretary of Social Rehabilitation and Control
Secretary of Economic Development	Director of Administration (See Note 4, p.)
Secretary of Transportation and Highway Safety	

Each of the department heads named above shall have the following powers and duties:

- a. To administer the Department.
- b. With the approval of the Governor, to organize and reorganize the Department and its several divisions and other units.
- c. To assign and reassign the duties and functions of the Department among the several divisions and other units, division heads, officers, and employees of the Department.
- d. To perform all duties, exercise all powers, and assume and discharge all responsibilities vested by law in the Department, except as otherwise expressly provided by statute.
- e. To perform all duties, exercise all powers, and assume and discharge all responsibilities vested by law immediately prior to the ratification of this article in the heads and other officers of the agencies which have been merged to form the Department.
- f. To delegate to any division head or to any other officer or employee of the Department any of the powers and duties given to the head of the Department or the Department by statute or by the rules, regulations, and procedures established pursuant to this article.
- g. To appoint, with the approval of the Governor, the head of each division of the Department, and to remove at will the head of any division, acting with the approval of the Governor.
- h. To appoint all subordinate officers and employees of the Department, upon recommendation of the head of the division or other unit to which those officers or employees are to be assigned and in accordance with the State Personnel Act.

ENCLOSURE # 6
(continued)

- i. To transfer employees from one division of the Department to another, either temporarily or permanently, when he determines that a transfer is necessary to expedite the work of the Department.
- j. To adopt, with the approval of the Governor, reasonable rules, regulations, and procedures concerning the organization, administration, and operation of the Department and the conduct of its relations and business with other agencies of the State and the United States.
- k. To have legal custody of all books, papers, documents, and other records of the Department.
- l. To make an annual report to the Governor for transmittal to the General Assembly and to provide him with any additional information that he may request at any time.

ENCLOSURE # 7

Provisions of Type I and II Transfers

Three types of transfers have been used to move agencies into the principal departments and to describe the authority relationship between the transferred agencies and the head of the principal department. The Type I transfer brings the transferred agency under full authority of the principal department head. The Type II transfer brings the transferred agency under less authority of the principal department head. In some instances Special transfers were also used. These are described in Enclosure # 8. The provisions of the Type I and Type II transfers are quoted below:

Type I transfer: Transfers all or part of an existing department, institution, or agency to a principal department. The statutory authority, powers, duties, and functions, records, personnel, property and funds of the agency, including the functions of budgeting and purchasing, are transferred to the principal department. Under the Type I transfer, all powers and duties specified for the head of the principal department in Enclosure # 6 apply to the transferred department, board, commission, institution or agency.

Type II transfer: Transfers intact an existing department, agency or institution, or part thereof, to a principal department. The agency transferred is to be administered under the direction and supervision of the principal department, but shall exercise its prescribed statutory powers, duties and functions of rule-making, regulations, licenses and registration and the promulgation of rules, rates, regulations and standards, and rendering of findings, orders and adjudications independently of the head of the principal department. All budgeting, purchasing and all management functions of the transferred agency are to be performed under the direction and supervision of the head of the principal department. Under the Type II transfer, all powers and duties specified for the head of the principal department in Enclosure # 6 apply to the transferred department, board, commission, institution or agency except paragraph e, Enclosure # 6.

ENCLOSURE # 8

SPECIAL TRANSFERS

1. Special transfer applying to the following agencies to be assigned to the Department of Commerce:

State Board of Alcoholic Control
Utilities Commission
State Banking Commission
Industrial Commission
Employment Security Commission
Milk Commission

North Carolina Rural Electrification Authority
North Carolina Burial Association Commission
Savings and Loan Association Division (from the
Department of Insurance)
Credit Union Division (from the Department of
Agriculture)

Provisions of this Special Transfer: Transfers intact the above agencies to the Department of Commerce. The transferred agencies are to be administered under the direction and supervision of the principal department only insofar as hereinafter specified and they shall exercise their prescribed statutory powers, duties, and functions, including rule-making, regulation, licenses, and registration and the promulgation of rules, rates, regulations and standards, and the rendering of findings, orders and adjudications independently of the head of the principal department. Only budgeting, purchasing and related management functions of the transferred agencies are to be performed under the direction and supervision of the head of the principal department, and the powers and duties listed in Enclosure # 6 shall apply only with respect to budgeting, purchasing, and related management functions.

Additional recommendations affecting the transfer of the Credit Union Division and the Savings and Loan Association Division:

That the Savings and Loan advisory Board be transferred from the Department of Insurance to the Department of Commerce, provided that this Board shall have the same statutory management powers and duties as the Banking Commission now has relating to banks;

That a Credit Union Advisory Board be established in the Department of Commerce with the same statutory management powers and duties as the Banking commission now has relating to banks.

2. Special transfer applying to the Department of Motor Vehicles: Transfers intact the Department of Motor Vehicles to the Department of Transportation and Highway Safety, provided that the Commissioner of Motor Vehicles shall have the same statutory powers and duties as now specified by law.

ENCLOSURE # 8
(continued)

3. Special transfer applying to the Tax Review Board and the State Board of Assessment: Transfers intact these agencies to the Department of Revenue. The transferred agencies are to be administered under the direction and supervision of the principal department only insofar as hereinafter specified and they shall exercise their prescribed statutory powers, duties, and functions, including rule-making, regulation, licenses, and registration and the promulgation of rules, rates, regulations and standards, and the rendering of findings, orders and adjudications independently of the head of the principal department. Only budgeting, purchasing and related management functions of the transferred agencies are to be performed under the direction and supervision of the head of the principal department, and the powers and duties listed in Enclosure # 6 shall apply only with respect to budgeting, purchasing, and related management functions.

ENCLOSURE # 9

STANDARD TITLES

This chart illustrates two sets of standard titles for key department personnel and organizations. In each box the first alternative is the one suggested in a paper by Mr. H. A. (Jack) Smith. The second alternative (in parenthesis) is one suggested by the Study staff. Either alternative provides an acceptable set of standard titles that can be gradually applied as reorganization progresses and as existing statutes are revised. It is not desirable to arbitrarily impose these titles on all agencies at once because this would create statutory problems in some cases.

Nothing in this paper is intended to suggest that one department should have all of the elements listed. However, most of the elements listed already exist somewhere in North Carolina State Government.

Following is an example to illustrate the use of the chart:

In the proposed Department of Natural Resources the head is called the Secretary of Natural Resources. If there is to be a policy-making body at the department level, it should be called the Natural Resources Commission. If there is an advisory body at the department level, it should be called the Natural Resources Commission (1st alternative) or the Natural Resources Advisory Council (2nd alternative).

The first level below the department level should be called a service, such as the Commercial and Sports Fisheries Service. The head should be the Director of Commercial and Sports Fisheries Service. If this Service is to have a policy-making body, it should be called the Commercial and Sports Fisheries Board.

LEVEL	HEAD	POLICY-MAKING BODY	ADVISORY BODY	PERFORMANCE REVIEW BODY
Department	Secretary	Commission	Commission (Advisory Council)	----- (Review Council)
Service	Director	Board	Board (Advisory Council)	----- (Review Council)
----- (Division)	----- (Chief)	----- (Committee)	Committee (Advisory Council)	----- (Review Council)
----- (Section)	(Supervisor)			

ENCLOSURE # 10

LICENSING BOARDS

- * State Board of Opticians
- State Board of Medical Examiners
- North Carolina Veterinary Medical Board
- * State Board of Cosmetic Art Examiners
- * State Board of Barber Examiners
- State Board of Examiners for Nursing Home Administrators
- State Board of Embalmers and Funeral Directors
- North Carolina Board of Nursing
- State Board of Examiners in Optometry
- State Board of Pharmacy
- State Board of Podiatry Examiners
- State Board of Sanitarian Examiners
- * State Board of Examiners of Practicing Psychologists
- State Examining Committee of Physical Therapists
- State Board of Osteopathic Examination and Registration
- State Board of Chiropractic Examiners
- State Board of Dental Examiners
- North Carolina State Hearing Aid Dealers and Fitters Board
- Water Treatment Facility Operators Board of Certification
- State Board of Registration for Professional Engineers and Land Surveyors
- State Board of Examiners of Electrical Contractors
- State Licensing Board for Contractors
- North Carolina Board of Architecture
- State Board of Certified Public Accountant Examiners
- State Board of Examiners in Watchmaking and Repairing
- North Carolina Real Estate Licensing Board
- State Board of Examiners of Plumbing and Heating Contractors
- State Board of Refrigeration Examiners
- North Carolina Board of Landscape Architects
- State Board of Water Well Contractors Examiners
- Wastewater Treatment Plant Operators Board of Certification

* Those that must have General Assembly approval of their Budgets

ASSIGNMENT OF AGENCIES TO DEPARTMENTS
HEADED BY ELECTED OFFICIALS

These agencies are assigned to departments headed by elected officials. The relationship between these assigned agencies and these elected department heads shall be as currently defined by existing statutes. These provisions apply only to transferred agencies for which there is an entry in the last column.

NOTE: This technique has been utilized to avoid altering relationships already specified by statute. It has been applied only to agencies that have a relationship to elected department heads specified in existing statutes.

ENCLOSURE # 12

NOTES

- NOTE 1: The Credit Union Division of the Department of Agriculture is recommended for transfer to the Department of Commerce. The Museum of Natural History is recommended for transfer to the Department of Art, Culture and History.
- NOTE 2: The Savings and Loan Association Division of the Department of Insurance is recommended for transfer to the Department of Commerce.
- NOTE 3: The Vocational Rehabilitation Division is recommended for transfer to the Department of Health and Social Services.
- NOTE 4: The Director of the Department of Administration, and other officials of that Department, are granted under existing statutes certain powers and duties with respect to the budget, planning, property control, purchase and contract, and general services functions of the Department. There is no intention that these powers and duties be modified in any way by the recommendations of the Committee.
- NOTE 5: The elements of the existing Department of Conservation and Development are recommended for transfer to the Department of Natural Resources and the Department of Economic Development as indicated below:

To the Department of Natural Resources:

North Carolina Forest Service and related advisory committee
Mineral Resources Division
North Carolina Mining Council
Commercial and Sports Fisheries and related advisory board
State Parks

To the Department of Economic Development:

Division of Commerce and Industry
Geodetic Survey
Travel and Promotion