



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet Recommended Levels

## Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to examine the efficiency and effectiveness of spans of control and organizational layers in state government executive offices. Spans of control refer to the number of positions a supervisor oversees; organizational layers refer to the number of levels in an organization. To justify the added costs of management positions, each manager should oversee a sufficient number of subordinates. In the 1990s, the Office of State Budget and Management (OSBM) recommended an overall statewide minimum span of control ratio of 1:8 and a maximum of seven organizational layers. This evaluation is the first study of state department spans of control and organizational layers in nearly 20 years.

**At present, the average span of control ratio across the 21 departments examined is 1:6.3, and only one state department meets the statewide recommended ratio of 1:8.** On average, supervisors are overseeing slightly more positions compared to the 1990s; however, 33% of all supervisors have narrow spans of control, defined as overseeing three or fewer positions.

**The average number of organizational layers is 8.1, and ten departments have more than the recommended seven layers.** This average represents an increase since the 1990s.

**The executive offices of the 21 state departments consist of 237 positions, which are in the first five layers of departments and on average supervise approximately six positions.** Departments vary in how they assign positions to their executive offices. Thirty-nine percent of executive office supervisors have narrow spans of control. The average salary of executive office members is \$111,000. Salaries are higher for executive office members who are supervisors and increase as the number of subordinates increases.

**OSBM and the Office of State Human Resources (OSHR) provide limited guidance on how to most efficiently and effectively structure departments.** Currently, OSBM and OSHR provide ad hoc guidance on spans of control and organizational layers at the request of state departments. There is no independent oversight of spans and layers.

Based on these findings, the General Assembly should (1) direct OSHR to monitor spans of control and organizational layers on an ongoing basis and (2) direct OSBM to conduct studies of these topics every five years. The General Assembly could use these studies as the basis for requiring departments to justify deviations from statewide benchmarks.