

GOVERNMENTAL REORGANIZATION

A Special Message by
Governor Orville L. Freeman
Monday, February 18, 1957
8 P.

To the Members of the 60th Session of the
Minnesota Legislature:

During the last two years the State administration has been engaged in a far-reaching program aimed at strengthening our administrative procedures and our overall machinery of State government.

Many of our efforts in this large field have already been described in my earlier messages and in several reports that have been presented to the Legislature. This activity covers many studies into the various aspects of administration, all of which have been directed towards achieving greater efficiency and economy.

In pursuing these activities, we have had occasion to analyze thoroughly the existing administrative organization and the many related administrative procedures. In particular, the Minnesota Self-Survey, the report of which is before you for your study, has given us a basis for understanding the strengths and weaknesses in the system and has provided us with guidelines for further improvement.

Throughout our studies, one recurring need -- that of reorganizing the structure of state government -- has been pointed up again and again. Two years ago I laid before you a reorganization proposal which, if adopted as submitted, would have comprehensively reorganized the structure of state government. My proposals were accepted in part, indicating that you share with me the desire to proceed with this important task. Unfortunately, as you know, the Reorganization Act of 1955 was invalidated because of an error in engrossment.

The additional study we have given problems in this area since the 1955 session strengthens our awareness of the need for substantial reorganization and

reinforces the points I made in my message of two years ago. The objectives I outlined at that time are even more important today, and I can do no better at this time than to restate the principles that I believe should guide us in this area. Briefly, these principles are:

- (1) to reduce the number of separate and independent agencies by combining our operations into a small number of departments organized by function;
- (2) to establish clearer and more definite lines of administrative authority by untangling the maze of boards, commissions, departments and divisions that comprise our present structure;
- (3) to centralize and integrate many "housekeeping" functions; and
- (4) to define and locate more clearly administrative responsibility in department heads responsible for administering one major area of state government.

My proposals for reorganization are not as extensive as they were two years ago. In some cases reorganization is contingent upon available space, especially where the creation of an effective single department requires the physical grouping of related agencies in contiguous office space. With two years of experience and continuous study, we now know more clearly the order of priority among the many adjustments that should be taken ultimately in this field.

I have, therefore, reduced the number of separate proposals for reorganization in order that you may concentrate your attention on those matters that should have prior attention.

My program involves three major proposals, each of which calls for establishment of a single centralized department that will consolidate a number of activities now being administered separately by a large number of agencies. In addition, I am proposing a number of adjustments which in most cases were approved by the 1955 Session. I feel that this program is practical and realistic and that it can be efficiently installed during the next biennium. While less sweeping than

the 1955 program, it represents a substantial improvement in our governmental structure, and, if enacted, will launch us on a reform that has been long overdue.

I can best summarize the program by reviewing the proposals in terms of the major offices and departments that will be affected.

The Governor

The legal position of the Governor is not greatly modified by my proposal. The number of persons he appoints is reduced, but his administrative responsibility remains unchanged. The most significant way in which the Office of the Governor is affected is by the tightening of the lines of executive control and by eliminating much of the present diffusion of administrative responsibility.

The Attorney General

The position of Attorney General remains essentially unchanged, with two exceptions: (1) The transfer of the appointment of the Superintendent of the Bureau of Criminal Apprehension from the Governor to the Attorney General. The Attorney General is now responsible for the functioning of this agency and ought also to have the related appointing authority. (2) The transfer of the direction of the State Fire Marshal's activity from the Commissioner of Insurance to the Attorney General.

Secretary of State

One significant change affects the Secretary of State, the transfer of chauffeur licensing to the Highway Department. In fact, this recommendation has actually been administratively installed and the proposal here simply augments a consolidation that has been effected under existing legislation.

State Auditor

The duties and function of the State Auditor are altered in only one minor respect: his responsibility for collecting the mortgage registration tax is transferred to the Department of Revenue, which is the new name for the Department of Taxation.

State Treasurer

The State Treasurer's duties are affected in two respects: (1) The sale of liquor stamps is transferred from the office of the State Treasurer to the Department of Revenue, and (2) the State Treasurer becomes the Secretary of the State Investment Board, to be renamed State Investment Council.

Railroad and Warehouse Commission

My proposal does not affect the Railroad and Warehouse Commission. However, your own legislative interim commission which has been studying this agency's operation, will lay before you soon a proposal for reorganizing this agency. I have been advised of the general nature of the interim group's recommendation, and I accept and endorse the proposal as presented to me because it is consistent with the principles that underly my overall reorganization plan. The interim commission's recommendation, I am advised, will be embodied in a separate bill.

Department of Administration

Two provisions in the proposed legislation affect the Department of Administration (1) The Commissioner of Administration becomes the Secretary of the Executive Council a position he has already assumed since July 1, 1955, as part of an interim arrangement under existing legislation. (2) Responsibility for administering the State Archives program is transferred to the Commissioner of Administration from the present Archives Commission of which the Commissioner is now chairman. Both of these proposals are aimed at making responsibility for these operations clearer and more definite.

Department of Agriculture

The only change affecting this department is the somewhat technical but nonetheless important shortening of its official name from the Department of Agriculture, Dairy and Food, to the Department of Agriculture.

Department of Commerce

This is the first of the three major proposals contained in my reorganization program. I propose that there be created a Department of Commerce which for the most part follows the approach that was adopted in 1955, the exceptions being the removal of the provisions affecting the Railroad and Warehouse Commission and the Liquor Control Commissioner.

The proposal would establish a Department of Commerce which would embrace the functions now performed by

- Division of Banking
- Division of Insurance
- Division of Securities
- Department of Business Development
- Iron Range Resources Commission
- Compensation Insurance Board
- Great Lakes-St. Lawrence Tidewater Commission
- Upper Mississippi-St. Croix Improvement Commission

The proposal would continue the functions of the present Department of Commerce consisting of the commissioners of banking, insurance, and securities, by re-naming it the Financial Control Commission with housekeeping functions assigned to the Department of Commerce.

Department of Conservation

Similar to the 1955 act, the five division directors in this Department, who are now appointive, would be placed in the classified service and their statutory responsibilities would be assigned directly to the Commissioner of Conservation. Other changes affecting this department, all of which were also approved in 1955, involve the transfer to the Department of functions performed by (1) the Surveyor General; (2) the Department of Health in the field of boat inspection; and (3) the State Geographic Board.

Department of Health

The only change affecting this agency is the transfer of the boat inspection function to Conservation as already mentioned.

Department of Highways

Here, too, no change is made except the transfer, as already noted, of chauffeur licensing from the Secretary of State to the Department of Highways.

Department of Labor

The establishment of this Department represents the second major proposal in my program. This Department would bring together the several activities now separately administered by (1) the Department of Employment Security, and (2) the Industrial Commission, and (3) the Labor Conciliator.

The quasi-judicial functions of the Industrial Commission would not be altered by my proposal, but its present administrative responsibility would be vested in the new office of the Commissioner of Labor.

The Labor Conciliator would be retained, as at present, in the unclassified service.

Department of Revenue

The Department of Taxation is given the new name of Department of Revenue and there is transferred to it the following revenue collection functions:

- (1) Sale of liquor tax stamps from the State Treasurer.
- (2) Mortgage registration tax from the State Auditor.
- (3) Beer tax from the Liquor Control Commissioner.

Department of Corrections

The third major proposal is the creation of a new Department of Corrections. This agency would be headed by a Commissioner of Corrections who would have responsibility for administering the functions now separately performed in the field of corrections by the Department of Public Welfare, the Youth Conservation Commission, and the Parole Board.

Under my proposal the Commissioner of Corrections would assume the administrative responsibility for the three adult correctional institutions now administered

by the Department of Public Welfare, the four juvenile correctional institutions now administered by the Youth Conservation Commission, and the direction of the two separate parole systems now operating in the adult and juvenile areas. The Parole Board, to be renamed the Parole Commission, and the Youth Conservation Commission, would be retained as quasi-judicial bodies, continuing their present authority to determine the conditions of parole in their respective jurisdictions.

The Commissioner of Corrections would become the ex-officio secretary of the Parole Commission and he would appoint a deputy commissioner to head a division of youth services and to serve as ex-officio chairman and director of the Youth Conservation Commission.

Department of Welfare

The only changes affecting this department is (1) the transfer from it to the new Department of Corrections the administrative control of the three adult correctional institutions and (2) the shortening of its official name from Department of Public Welfare to Department of Welfare.

Conclusion

It is natural, in dealing with reorganization, to think in terms of dollars to be saved. This, to be sure, is one vital objective of the program, but of equal importance are the gains that will be made in terms of improved coordination and more constructive administrative planning.

I know from my personal experience that it is impossible to give proper attention to all agencies of our government when the organizational structure does not consolidate related functions under the direction of a single authority. Under present arrangements, we fail to provide effective planning, adequate overall direction, and effective integration. Instead there tends to be overlapping, competition among agencies, and sometimes barriers between departments.

My proposals are arrived at attacking these problems by creating an organizational structure that permits a proper relating of our many administrative

operations. They will increase administrative responsibility by reducing the number of separate and independent authorities. They will improve the communication between the Governor and the heads of major agencies. They will place a number of high-level positions now filled by appointment by the Governor in the classified service.

In the areas of Commerce, Labor, and Corrections, they will make possible improved day-to-day administration and the introduction of programs of long-term planning. They will greatly facilitate the convenience of the public in its dealings with the agencies in these fields.

These proposals, as I have indicated, are based upon intensive and continuous study. Their adoption will greatly improve the operation of the executive branch, and, while they are less comprehensive than those proposed two years ago, they constitute a sound beginning on the long road towards a modernized and fully efficient organization of state government.