

A REVIEW OF PERSONNEL GROWTH  
IN THE FIVE STATE AGENCIES

MAY 1983

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## INTRODUCTION

The Supplemental Report of the 1982 Budget Act requires the Legislative Analyst to review the increase in personnel and expenditures for the five cabinet-level state agencies. These five agencies are: the Business, Transportation and Housing Agency, the Health and Welfare Agency, the Resources Agency, the State and Consumer Services Agency, and the Youth and Adult Correctional Agency. In addition, the Supplemental Report directs the Analyst to identify that portion of the growth in personnel expenditures which can be attributed to statutorily established activities and that portion resulting from administratively established activities. This report was prepared in response to the requirement contained in the Supplemental Report.

Chapter I discusses the creation of the five agencies, as well as the controversy regarding them which was prompted by a March 1982 Assembly Office of Research report. This chapter also discusses the scope of our report, and identifies the limitations of the data used in preparing it. Chapters II through VI discuss individually each of the five agencies. These chapters describe the establishment of each agency, and the major reasons for each agency's growth during the intervening years. They also describe how positions available to each agency are being used in the current year. In doing so, we attempt to distinguish positions used for program-specific activities, such as the Medi-Cal Procurement Project in the Health and Welfare Agency, from positions used for nonprogram-specific functions such as policy coordination, budget review and program liaison.

Chapter VII provides a context for determining whether the agencies' existing staffing levels and scope of operations are warranted. We do this by two means. First, we examine the extent to which agency growth is attributable to increases in program-specific and nonprogram-specific activities. Second, we examine agency growth relative to the growth in constituent departments.

This report was prepared by the staff of the Legislative Analyst's office, under the supervision of Phyllis Cadei.

## SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. Most of the growth in agency staff and expenditures since the time of each agency's creation is attributable to an increase in nonprogram-specific functions undertaken by the agencies. Of the positions proposed for agencies in 1983-84, about one-third are requested for program-specific activities and two-thirds are requested for nonprogram-specific activities.

2. Since their creation, the agencies--particularly the Health and Welfare Agency--have experienced a significant increase in the level of effort directed toward program-specific activities. These activities can be divided into six different program areas. Agency activities in two of these program areas were commenced or expanded as a result of decisions made during the course of the annual budget process. Activities in another program area were commenced pursuant to Executive Order. Activities in three other areas were begun pursuant to legislation.

3. In 1983-84, 51.5 agency positions and \$3 million in agency expenditures are proposed to be directed toward specific program activities. The Health and Welfare Agency accounts for three-quarters of the five agencies' program-specific staff and expenditures.

4. The majority of the agencies' nonprogram-specific functions were expanded through the budget process. These functions encompass a wide variety of activities, including policy review and planning, budget review, program coordination and communication, legislative and regulatory review and development, management review, and program evaluation. In 1983-84, 85.8 agency positions and \$4.8 million in agency expenditures are proposed

to be directed toward the performance of nonprogram-specific activities. Available data does not permit an identification of the amounts spent by each agency on each of these activities.

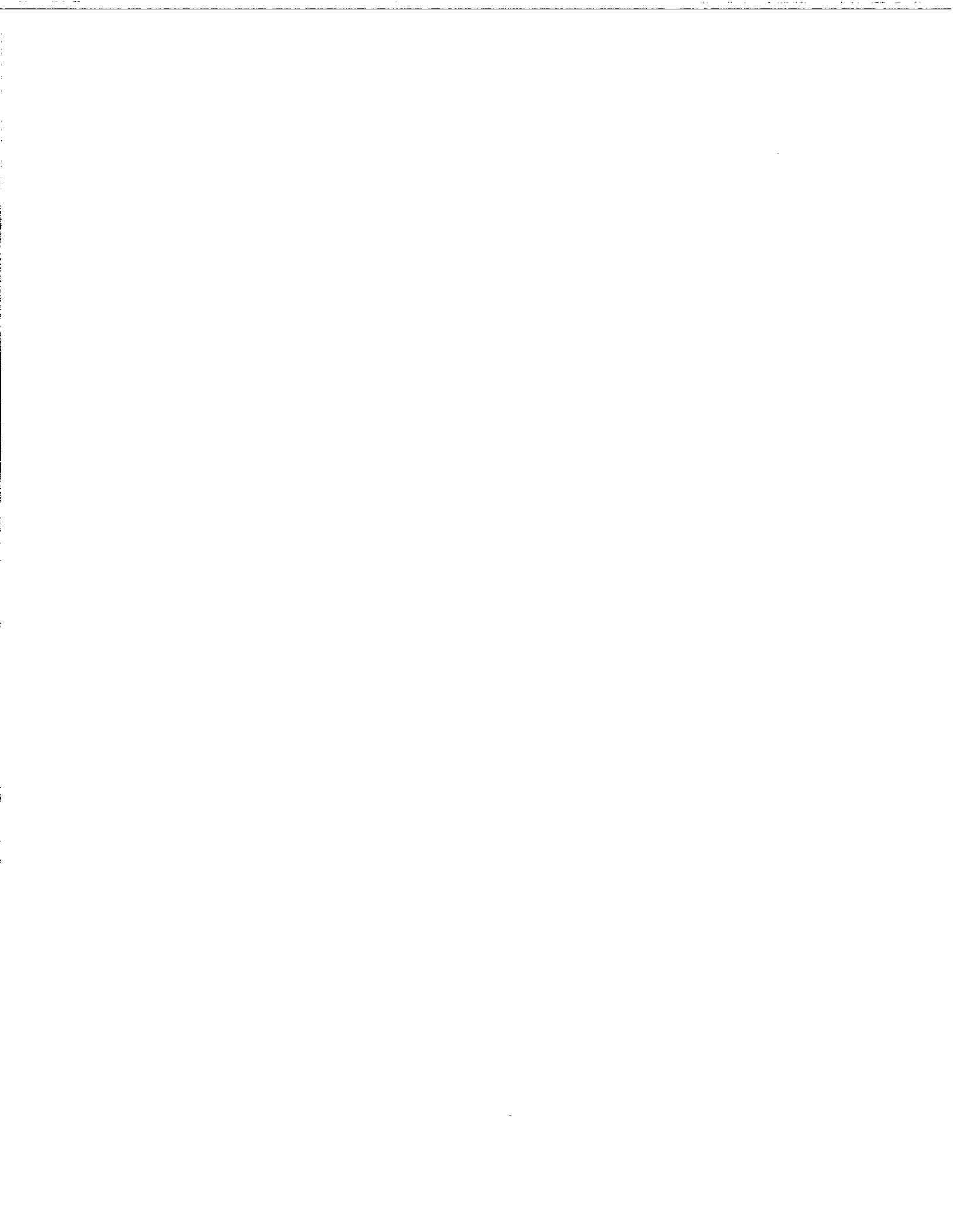
5. There is little detailed workload information about what agency staff do--particularly in the area of nonprogram-specific areas. This makes it difficult for the Legislature to determine exactly how agency staffs spend their time, and thus to determine an agency's resource requirements.

6. Even if detailed information on how agency staff spend their time was available, it would still be difficult to determine an agency's staffing requirement on a workload basis. This is because there is no objective basis for determining how much agency staff is enough to carry out general planning and coordination.

7. The number of constituent departments for which individual agencies are responsible has increased significantly since the agencies were established. The number of agency staff, however, has increased at a considerably faster rate than the number of staff in the constituent departments.

8. The scope and effort of current agency activities goes well beyond what was originally envisioned by the Legislature. This does not necessarily mean that the scope and effort of current agency activities goes beyond what the Legislature now expects from them or what is warranted by current conditions. Our impressionistic judgment, however, is that the output of individual agencies has not increased commensurate with the increase in agency staffing.

9. This suggests the need to use existing agency positions more effectively or to reduce the number of agency positions. It also suggests the need for agencies to limit the scope of activities in order to ensure satisfactory performance for those functions with which they originally were charged. To this end, we continue to recommend that agency responsibilities be limited to policy formulation, coordination and monitoring, and that agency program activities be reassigned to line departments.



CHAPTER I  
BACKGROUND AND SCOPE OF REPORT

THE AGENCY CONCEPT

An "agency" is a cabinet-level organization which oversees a number of state departments with related program responsibilities. Each agency assists the Governor manage state government by coordinating related activities and simplifying the lines of communication among individual departments and between departments and the Governor's Office.

CREATION OF THE AGENCIES

The agency concept was implemented in California 22 years ago, when the Legislature enacted legislation creating a new level of supervision over the activities of various state departments. Chapter 2037 and Chapter 2073, Statutes of 1961, established what have become the Health and Welfare Agency, the Resources Agency, the Youth and Adult Correctional Agency, and the Business, Transportation and Housing Agency, effective October 1, 1961. At that time, the Governor established by Executive Order four additional agencies on an interim basis. He did this because the Legislature was unwilling to enact legislation sought by the administration which would have established these agencies. In subsequent years, the departments and organizations assigned to these four interim agencies by the Executive Order were reassigned to one of the four statutory agencies or placed under the jurisdiction of a fifth agency, the State and Consumer Services Agency. This agency was established by Chapter 138, Statutes of 1969.

Chapter 982, Statutes of 1981, designated the chairperson of the

State Air Resources Board as the Governor's principal advisor on the activities of three environmental boards: the Air Resources Board, the State Water Resources Control Board, and the California Waste Management Board. While this advisor is referred to as the Secretary of Environmental Affairs, there is no "Environmental Affairs Agency" per se. The three boards remain in the Resources Agency. Nominal support for the chairperson of the Air Resources Board in his capacity as environmental protection advisor is provided through the Air Resources Board's own budget. As a result, we have not included a discussion of the Secretary of Environmental Affairs and his activities in this report.

#### THE CONTROVERSY OVER THE NEED FOR AGENCIES

The usefulness of agencies and the extent to which they are effectively performing those functions originally assigned to them by the Legislature have been the subject of considerable legislative debate in recent years. In March 1982, the Assembly Office of Research issued a report entitled "Super Agencies," as part of its Government Operations Review Project. That report stated that the agencies have grown far beyond what the Legislature originally intended. The report concluded that agencies have taken on direct service functions which, at times, have interfered with or duplicated the functions of other departments. As a result, agencies often fail to perform the duties which they were established to perform. The report recommended that (a) the agencies in their present form be abolished and that direct service operating responsibilities be transferred to the appropriate departments, and (b) each new governor be given the resources and authority necessary to propose an executive organization plan for cabinet-level functions.

In April 1982, the Senate Finance Committee and the Assembly Ways and Means Committee held a joint hearing on the five agencies. Testimony delivered by our office examined the need for agencies, their role within state government, and the level of staff and funding needed to maintain the role originally envisioned for them. Based on our analysis, we concluded that there is no analytical reason why the role of the agencies should extend beyond policy formulation, coordination and monitoring. As a result, we recommended that if the Legislature chose to retain the agencies, it consider limiting staffing within each agency to the minimum needed to perform these three basic functions. We further recommended that detailed review of departmental budgets no longer be undertaken by agency staff in addition to the Department of Finance, that agency program activities be reassigned to line departments, and that agency staff be removed from various boards and commissions.

During its 1982 session, the Legislature enacted legislation (AB 3331) to abolish the five agencies and require each governor to establish a cabinet-level organization by an executive organization plan. This legislation also authorized the Governor to appoint a number of cabinet officers to assist in the management and coordination of executive agencies, and to assist in policy formulation and program review. It authorized an annual appropriation not to exceed \$1.25 million for salaries and related costs of the cabinet officers and transferred all operational programs presently administered by the agencies to line departments. This legislation, however, was vetoed by Governor Brown.

#### REPORT REQUIREMENT

The Supplemental Report of the Budget Act of 1982 requires the

Legislative Analyst to review the increase in personnel and expenditures for the five cabinet-level state agencies. In addition, the Supplemental Report directs the Analyst to identify what portion of the growth in personnel expenditures can be attributed to statutorily established activities and what portion can be attributed to administratively established activities.

#### FOCUS OF REPORT

This report examines the major reasons for the growth in staffing for each of the five agencies since its inception. It also identifies the functions and activities performed by existing agency positions. In doing so, we have not attempted to attribute specific increases in the number of authorized positions either to legislative action or to action by the Governor. Nor have we attempted to account for why and how each existing position in an agency was established. Such an effort would be time-consuming--and ultimately unproductive--for the following reasons:

1. Back-up Information Is No Longer Available or Is Incomplete.

Four of the five agencies were created over 20 years ago. The only documents still available which record position changes for the entire period are the Governor's Budgets and the Final Change Books. Final Change Books reflect legislative changes to the Governor's Budgets as introduced. These two documents are most useful in identifying proposed position increases and reductions. However, they may not explain adequately the purposes for which new positions were proposed, nor are they very useful in identifying personnel changes made during a fiscal year.

In many instances, we were unable to obtain back-up documents prepared in support of the Governor's Budgets, such as budget change proposals

which provide justification for new positions and activities. These documents either are no longer available or were never prepared in the first place.

In addition, those documents that are available are unlikely to indicate whether the Legislature or the Governor ultimately was responsible for adding a particular position. For example, the Governor's Budget may propose positions for functions which were established through legislation. The Final Change Book may reflect position changes which resulted either from an administration request in the form of Department of Finance budget amendment letter or from action initiated by a legislative budget committee. Similarly, legislation adding positions to a particular agency often is sponsored by the Governor's office.

2. Available Information Is Misleading. The Governor's Budgets reflect positions actually authorized and budgeted directly for an agency. In many cases, however, agencies have borrowed positions--often a large number of positions--from their constituent departments.

The State Constitution exempts from civil service regulations numerous categories of positions. One of these categories includes those positions filled by the Governor's appointees. Most of the exempt positions in an agency are in this category, and usually include the agency secretary and two or three deputies. The Constitution also allows an additional "discretionary" exempt position for each of the Governor's appointees. In most cases, the discretionary exempt entitlement may be assigned to any position.

Although the Constitution identifies various categories of exempt positions, enabling legislation must be enacted to identify specific positions

which can be filled by the Governor's appointees. This legislation is referred to as an "entitlement" for the Governor's appointee exempt position, as well as the corresponding discretionary exempt position.

Positions which are exempt from civil service regulations provide greater flexibility to the executive branch in the selection and hiring of employees. As a result, a number of agencies have "borrowed" from their constituent departments both specific exempt positions and exempt entitlements that can be assigned to any position. Frequently, the agency's budget fails to reflect either the borrowed positions or the funds supporting them. Therefore, using the Governor's Budgets to document agency growth may result in an agency's staff and expenditures being seriously understated.

3. Information Is No Longer Relevant. Even if we were able to identify the methods and reasons for which positions originally were established, the results would not provide an up-to-date picture of how an agency is using its positions. In many cases, an agency may have requested positions for a specific activity, and then transferred some or all of these positions to a different activity in subsequent years.

#### ORGANIZATION OF THE REPORT

Chapters II through VI examine the growth and current use of personnel in each of the five agencies. Each chapter is divided into three sections, as follows:

1. Establishment of the Agency. The first section identifies the year in which the agency was established, briefly describes the provisions of the enabling legislation, and identifies the level of expenditures and staffing in the agency's initial year of operation.

2. Growth of the Agency. The second section identifies the major reasons for growth in the number of positions and expenditures since the agency began operations. To do this, we relied on information obtained from the Governor's Budgets, the Final Change Books, and the annual Budget Analysis published by our office. In using the first two of these sources, we encountered problems of interpretation, as explained earlier, and this made it difficult for us to draw firm conclusions.

This section also identifies any significant problems which one may encounter in attempting to assess the size and scope of an agency's operations using information on positions and expenditures set forth in the Governor's Budgets.

3. Current Assignment of Personnel. The third section of each chapter describes how positions currently are being used by the agencies. It includes an organization chart which reflects the organizational location of all professional and clerical positions as of December 1982. This organization is likely to change in the months ahead to reflect program and staffing decisions of the new administration. This section also includes a table which identifies proposed positions and expenditures, by function, for 1983-84, and which classifies functions as either program-specific or nonprogram-specific. Program-specific functions include such activities as the Medi-Cal Procurement Project in the Health and Welfare Agency and California Environmental Quality Act review activities conducted in the Resources Agency. Nonprogram-specific functions include all other activities, such as policy coordination, budget review, and program liaison. Expenditures presented in the table include both direct staff expenses and

related program expenses such as contract costs for data management or project analysis and research activities. Expenditures also reflect all funds available to the agency including reimbursements.



## CHAPTER II

### BUSINESS, TRANSPORTATION AND HOUSING AGENCY

#### ESTABLISHMENT OF THE AGENCY

Chapter 2073, Statutes of 1961, established the Highway Transportation Agency to supervise the operations of the Departments of Public Works, Motor Vehicles and the California Highway Patrol. Chapter 2073 also authorized the agency to develop legislative, budgeting and administrative programs "to accomplish comprehensive, long-range, coordinated planning and policy formulation" in the transportation area.

The agency began operations on October 1, 1961. Agency expenditures for the nine months of 1961-62 totaled \$21,482 and .7 personnel years. These expenses were financed by pro-rata charges assessed against the departments under the agency's jurisdiction.

Chapter 1153, Statutes of 1980, renamed the agency the Business, Transportation and Housing Agency and gave it explicit responsibility for coordinating state housing policy.

#### GROWTH OF THE AGENCY

The agency has grown both in responsibility and size since 1961-62. The agency now has responsibility for overseeing 17 departments and administrative entities. Staffing for the agency also has increased, reaching 24 positions in 1982-83. Of these positions, 23 are authorized in the Secretary's office, and 1 is borrowed from the Office of Traffic Safety. Ten of the 24 positions are exempt from civil service requirements.

We are unable to determine the specific reasons for the growth in the

agency budget before 1969-70 because of data limitations. By that year, the agency staff had grown to 4.1 positions. It is possible, however, to identify the two factors responsible for the growth in agency staffing subsequent to 1969-70.

First, in 1977-78, the agency funded three additional personnel-years to (1) coordinate economic development research and planning activities and (2) lead a task force on electronic fund transfer systems. These positions were funded within the existing level of authorized positions by reducing salary savings. Consequently, although the number of authorized positions reflected in the agency's budget did not increase, there was an increase in total expenditures for personal services.

Second, the agency added five positions in 1981-82 when Ch 1153/80 expanded the agency's responsibility to include coordination of state housing policy.

Our review of the agency's budget since its creation indicates that the agency has used a number of budgeting devices to mask the real growth in agency positions and personal services expenditures.

1. Reduction in Salary Savings. As discussed above, in 1977-78 the agency increased the number of personnel on board without increasing the number of authorized positions. It did this by reducing salary savings.

2. Borrowed Positions. In the past, the agency has been able to avoid showing an increase in its authorized positions by borrowing positions from constituent departments. For example, in our Analysis of the 1969-70 Budget Bill, we noted that at the time the agency was borrowing five positions from departments within the agency. In 1971-72 the agency proposed to borrow eight positions and require the constituent departments

to pay the costs of the positions from their own budgets. We recommended in the 1971-72 Analysis that the agency budget include the cost of the borrowed positions. Since that time, the agency budget has reflected all of the apparent costs of operating the agency.

In the 1981-82 Analysis, we indicated that the agency had borrowed five exempt positions from constituent departments. Although the agency was authorized five civil service positions without exempt entitlements, the agency eliminated these positions in its personal services budget. Instead, the agency borrowed five positions and financed them through its own budget as consultant contracts. The cost of these positions was funded through reimbursements from the constituent departments. Therefore, the positions were financed by funds appropriated to the individual departments, rather than by appropriations to the agency.

In response to our concern about this practice, the Budget Act of 1981 directed the agency to sponsor legislation establishing all currently authorized positions within the agency. AB 2258 would have authorized the Governor to appoint four officials in the agency, thereby increasing the number of exempt positions by eight. These positions would have been filled with existing staff. AB 2258, however, failed passage. Consequently, five of the agency's positions continue to be supported from reimbursements received from the constituent departments.

#### ASSIGNMENT OF PERSONNEL

Chart 1 displays the organization of the agency as of December 1, 1982. In addition, Table 1 indicates how agency personnel proposed for 1983-84 will be used.

Chart 1

BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
1982-83

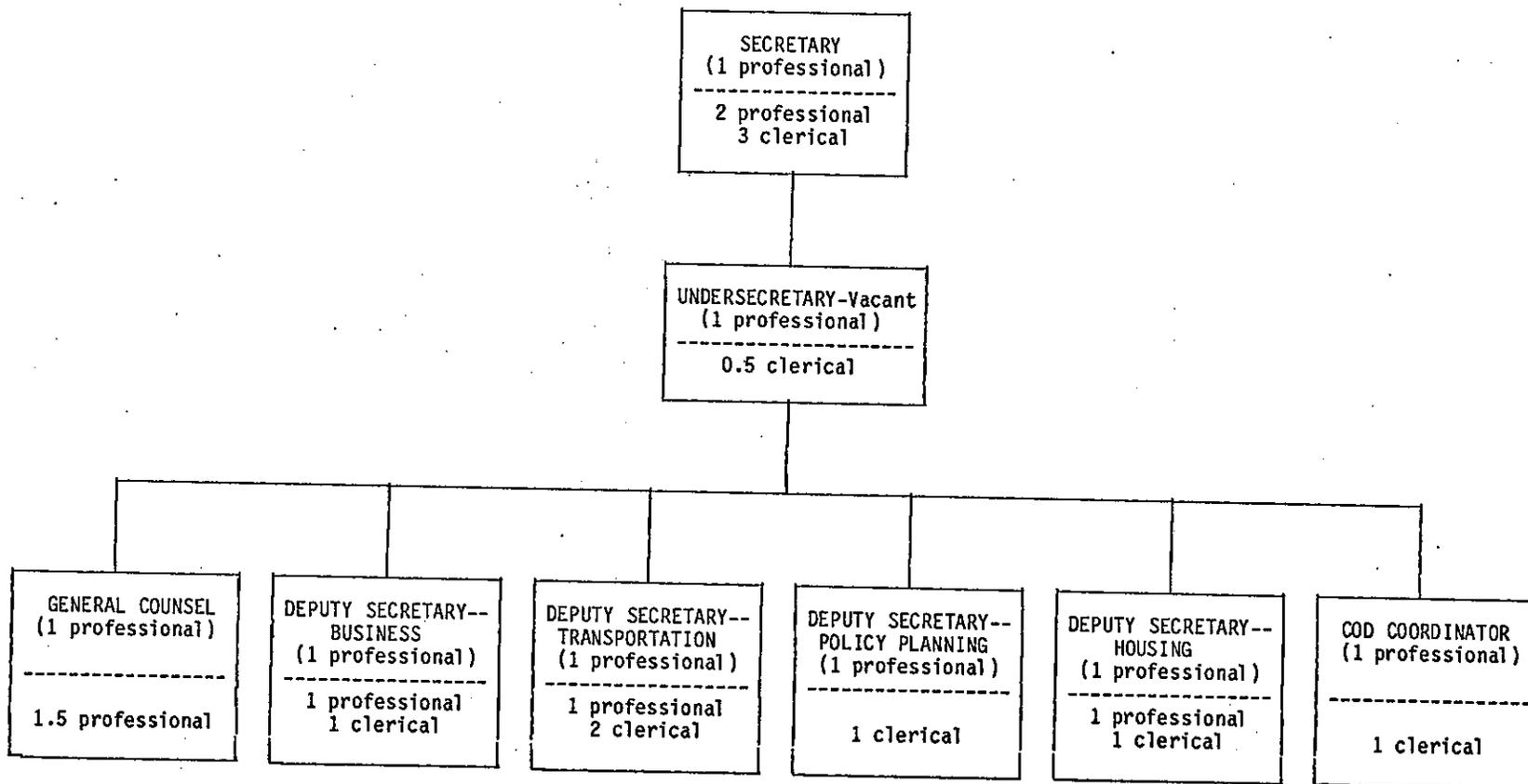


Table 1  
 Business, Transportation and Housing Agency  
 Proposed Positions and Expenditures by Function  
 1983-84

|                        | <u>Positions</u> | <u>Expenditures</u> | <u>Authority</u> |
|------------------------|------------------|---------------------|------------------|
| 1. Program-specific    |                  |                     |                  |
| WIN/COD Coordinator    | 2                | \$104,000           | Ch 578/71        |
| 2. Nonprogram-specific | <u>21</u>        | <u>1,163,000</u>    |                  |
| 3. Total               | 23               | \$1,267,000         |                  |

It appears that most of the currently authorized positions in the Secretary's office are used for general policy coordination functions and are not responsible for specific programs. The exceptions are two positions that coordinate the Work Incentive/Career Opportunity Development (WIN/COD) program. The WIN/COD program is designed to create job opportunities in the public sector for current and potential welfare recipients and disabled persons. WIN/COD coordinators are located in four of the five agencies. The function of the agency coordinator is to work with constituent departments to promote COD training opportunities and monitor the progress of COD participants. Some coordinators also devote a portion of their time to civil rights and affirmative action activities, collective bargaining, and other employee-related matters. The cost of agency coordinator salaries and benefits is reimbursed from General Fund monies included in the State Personnel Board's budget.



## CHAPTER III

### HEALTH AND WELFARE AGENCY

#### ESTABLISHMENT OF THE AGENCY

Chapter 2037, Statutes of 1961, established the Health and Welfare Agency and authorized it to supervise the operations of the departments of Public Health, Mental Hygiene, and Social Welfare. In addition, Chapter 2037 authorized the agency to develop legislative, budgeting, and administrative programs "to accomplish comprehensive, long-range, coordinated planning and policy formulation" in the health and human services area.

The agency began operations on October 1, 1961. Agency expenditures for the last nine months of 1961-62 were \$30,108 and 1.5 personnel-years.

For the first few years of the agency's operation, the agency was supported by constituent departments through pro-rata assessments against their budgets. Beginning in 1965-66, the Legislature appropriated funds directly to the agency for its support.

#### GROWTH OF THE AGENCY

The size and responsibilities of the agency have grown significantly since it was established. In 1982-83, the agency supervises 13 departments and other entities and has 72.6 authorized positions. Of the current positions, 6 positions are exempt and 6 positions are borrowed from other departments. The Governor's Budget for 1983-84 proposes a reduction of 13 positions in the agency, including 5 positions from the office of the Secretary and 8 positions from the Multipurpose Senior Services Project, which is scheduled to terminate September 30, 1983. This will leave a total

of 59.6 authorized positions in 1983-84.

Two factors appear to account for the bulk of the agency's growth during the last 20 years. The first is the two major reorganizations of human services programs--in 1967-68 and 1978-79--which increased the number of departments supervised by the agency. The second is the addition of direct program responsibility to the agency's workload. A number of projects and program activities have been housed in the agency on either a short or long-term basis. Currently, the agency has responsibility for four program activities which are detailed later in this chapter. Of these projects, three were initiated as a result of decisions made during the budget process, and one was initiated as a result of legislation.

It is difficult to trace the growth of agency staff; this is because the agency historically has borrowed or contracted for positions from constituent departments on an "as needed" basis. The use of borrowed and contract positions causes the budget to understate the number of positions under the direct supervision of the secretary. For example, the Governor's Budget document indicates that for 1973-74, the agency had 2 authorized positions, the lowest number since its establishment. The budget document also listed 5 deputy secretaries and 19 other positions which were assigned to the agency pursuant to contracts with various departments. Agency records indicate, however, that in 1973-74, the secretary actually supervised 17 deputy secretaries and numerous other personnel whose positions were borrowed from other departments.

During the 1970s, we raised the issue of borrowed positions several times in the Analysis of the Budget Bill, and on several occasions the Legislature has attempted to restrict the use of borrowed positions. In

1981-82, for example, the Legislature permanently established within the agency two positions which the agency previously had borrowed from the Department of Social Services. In 1982-83, the agency has borrowed six positions from other departments. The agency advises that five of the six borrowed staff will return to their departments during the current year.

#### ASSIGNMENT OF PERSONNEL

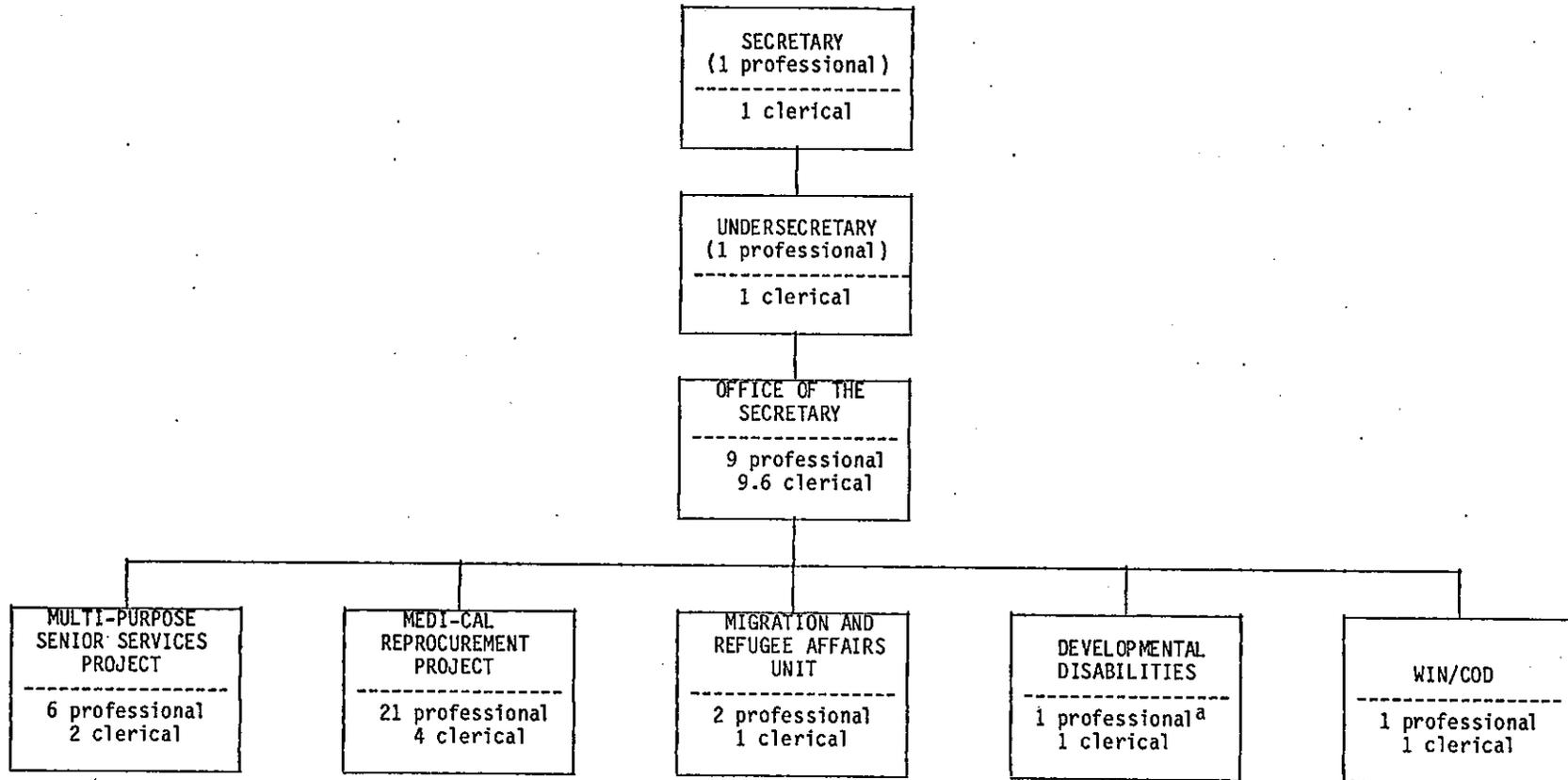
Chart 2 shows the 1982-83 organization of the Health and Welfare Agency. The chart shows that 22.6 positions are assigned to the Office of the Secretary to perform general policy formulation and other functions. In addition, 40 positions (including one position under contract) are assigned to the following program-specific activities:

1. Medi-Cal Reprocurement Project. The Medi-Cal Reprocurement Project (25 positions) was established as a two-phase effort to manage the reprocurement of the fiscal intermediary contract providing for the payment of Medi-Cal claims. During phase one, the project will develop the request for proposal and manage the bidding process by potential contractors. After the contract has been awarded, the project will monitor the implementation and modification of the system.

2. Multi-Purpose Senior Services Project (MSSP). The MSSP (eight positions) is a demonstration project which has studied various approaches to providing health care services to the elderly in order to reduce premature institutionalization. The demonstration portion of the project will terminate June 30, 1983, and related positions will terminate September 30, 1983. Chapter 1453, Statutes of 1982 (AB 2860), authorized the continuation of MSSP. The 1983-84 Governor's Budget, however, does not propose to continue the positions or project beyond September 30, 1983.

Chart 2

HEALTH AND WELFARE AGENCY  
1982-83



a. Agency maintains a contract with the professional and does not use an authorized position.

3. Migration and Refugee Affairs. Three positions were established by the 1982 Budget Act to coordinate policies with respect to migration and refugee services in California.

4. Developmental Disabilities Planning Unit. Two positions are responsible for coordinating policies with respect to the developmentally disabled. In accordance with the 1982 Budget Act, the contract with the professional position will be discontinued and the clerical position will be redirected to other agency activities during the current year.

5. Work Incentive/Career Opportunities Development (WIN/COD) Program. The WIN/COD Coordinator (2 positions) is responsible for coordinating job placements for WIN/COD program participants in constituent departments. The WIN/COD coordinator also functions as the affirmative action officer within the agency.

Table 2 summarizes the agency's positions and expenditures, by function, as proposed for 1983-84, as well as the statutory authority for program-specific positions.

Table 2  
 Health and Welfare Agency  
 Proposed Positions and Expenditures by Function  
 1983-84

|  | <u>Positions</u> | <u>Expenditures</u> | <u>Authority</u>         |
|--|------------------|---------------------|--------------------------|
| 1. Program-specific  |                  |                     |                          |
| a. Medi-Cal Reprocurement Project  | 25               | \$1,093,000         | 1982 Budget Act          |
| b. Multi-Purpose Senior Services Project (MSSP) (July to September 1983) | 8                | 850,000             | Ch 1199/77,<br>Ch 665/80 |
| c. Migration and Refugee Affairs   | 3                | 116,000             | 1982 Budget Act          |
| d. WIN/COD Coordidator   | 2                | 89,000              | Ch 578/71                |
| 2. Nonprogram-specific   | <u>21.6</u>      | <u>1,174,000</u>    | --                       |
| 3. Total   | 59.6             | \$3,322,000         |                          |



CHAPTER IV  
RESOURCES AGENCY

ESTABLISHMENT OF THE AGENCY

The Resources Agency was established October 1, 1961, pursuant to Ch 2037/61. The enabling legislation authorized the appointment of an agency administrator who would be directly responsible to the Governor for the operation of each department within the agency. In 1961, the agency contained the Departments of Water Resources (including the Reclamation Board), Fish and Game, Conservation (including Forestry), Parks and Recreation (including Boating and Waterways), the Water Rights Board, and the State Water Pollution Control Board with its nine regional boards. The agency administrator was assigned the responsibility of developing legislative, budgeting, and administrative programs to accomplish long-range coordinated planning and policy formulation.

Agency expenditures for the last nine months of 1961-62 totaled \$27,707 for two positions--the agency administrator and one clerical position. These expenses were financed by prorated charges levied against the agency's departments. In addition, the agency borrowed personnel from various departments. These positions, which were funded within the individual departments' budgets, were not separately identified.

In 1963-64, the Budget Act included a separate appropriation to support the Resources Agency.

GROWTH OF THE AGENCY

The Resources Agency's budget has grown from \$27,707 and 1.4 positions

(nine months) in 1961-62 to \$1,181,000 and 23.5 positions for 1982-83. The highest staffing level achieved by the agency was 25.5 positions in 1977-78.

The agency's most significant staff increase occurred in 1976-77. The 1976 Budget Act added 10 positions "for the general purpose of improving coordination and cooperation among the Resources Agency departments, with other governmental agencies and with the Legislature." The positions also were authorized to provide assistance in specific program areas such as energy, coastal affairs, land use planning, and Indian rights on public lands.

The agency administratively abolished four of these positions in 1976-77, and instead used the money to support exempt positions borrowed from the departments. The following year Ch 960/77 authorized four additional exempt positions for the Resources Agency. This eliminated the necessity for the agency to contract for these positions. As a result, all positions in the Resources Agency are funded directly through the agency's appropriation in the annual Budget Act and the borrowing of positions from departments has been halted.

Much of the growth in agency personnel occurred in response to increased workload as departments expanded and new programs and organizations were added. Forestry and Boating and Waterways became separate departments. The Air Resources Board, the Solid Waste Management Board, the California Coastal Commission, the California Conservation Corps, the Energy Resources Conservation and Development Commission, the Santa Monica Mountains Conservancy, and the Coastal Conservancy were created. In addition, the State Lands Division was placed in the agency. In addition, Ch 1433/71 authorized the agency to issue regulations for the California

Environmental Quality Act (CEQA). More recently, Ch 1105/79 authorized the agency to allocate Environmental License Plate Fund revenues.

The 1982 Budget Act provided \$1,078,000 from the General Fund to support 23.5 positions--two positions less than the 1981-82 staffing level. The Governor's Budget proposes to continue this same staffing level in 1983-84.

ASSIGNMENT OF PERSONNEL

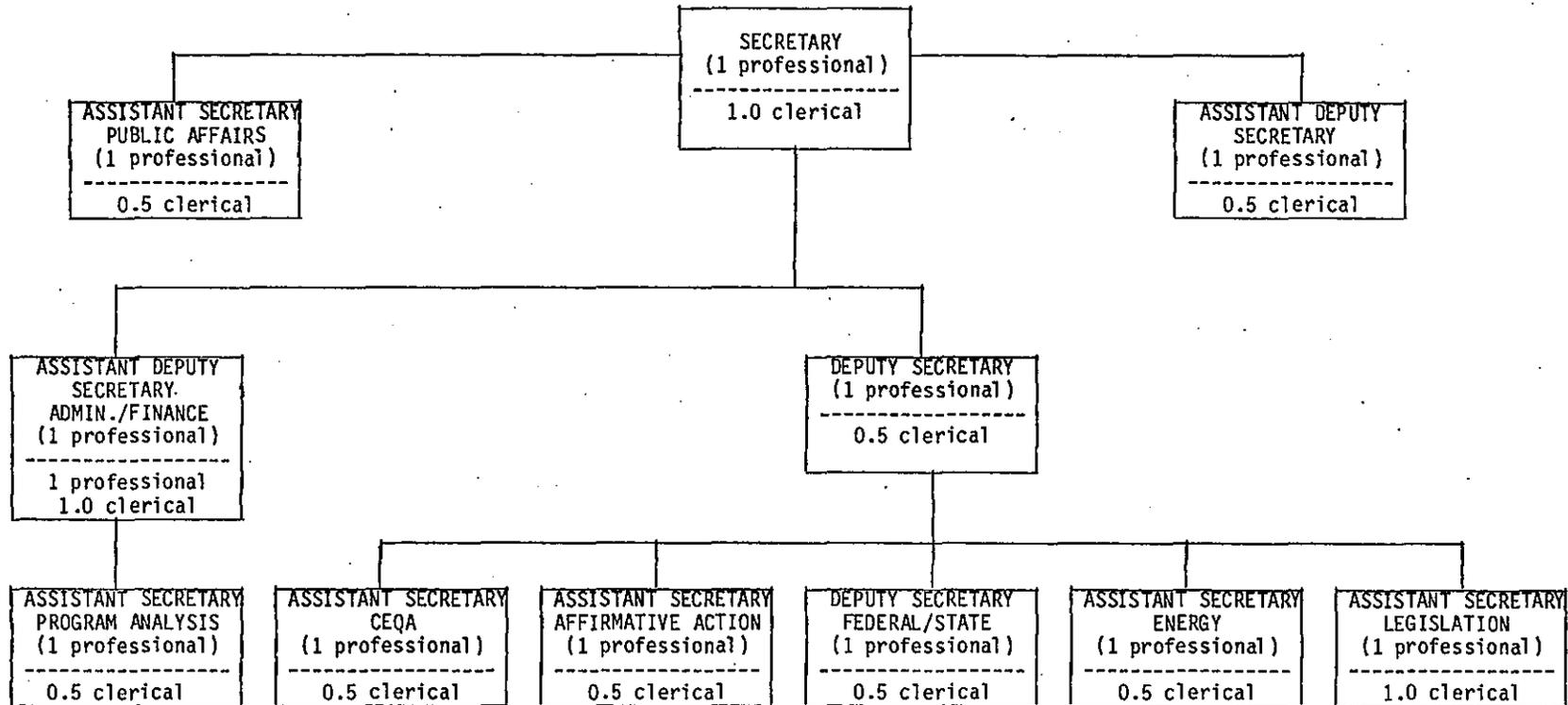
Chart 3 shows how the agency is organized in 1982-83. Table 3 summarizes the agency's positions and expenditures, by function, as proposed for 1983-84. As Table 3 indicates, 3 positions within the Resources Agency are assigned to specific programs: 1.5 for coordination of the Work Incentive/Career Opportunities Development (WIN/COD) program and 1.5 for the California Environmental Quality Act (CEQA) responsibilities. The remaining 20.5 positions are for general administration and coordination activities.

Table 3  
Resources Agency  
Proposed Positions and Expenditures by Function  
1983-84

|                        | <u>Positions</u> | <u>Expenditures</u> | <u>Authority</u> |
|------------------------|------------------|---------------------|------------------|
| 1. Program-specific:   |                  |                     |                  |
| a. WIN/COD Coordinator | 1.5              | \$60,000            | Ch 578/71        |
| b. CEQA Review         | 1.5              | 73,000              | Ch 1433/71       |
| 2. Nonprogram-specific | <u>20.5</u>      | <u>1,335,000</u>    | ---              |
| 3. Total               | 23.5             | \$1,468,000         |                  |

Chart 3

RESOURCES AGENCY  
1982-83



Unassigned Staff: 3.0 Clericals  
0.5 Student Assistants  
1.0 Temporary Help



## CHAPTER V

### STATE AND CONSUMER SERVICES AGENCY

#### ESTABLISHMENT OF THE AGENCY

The Agriculture and Services Agency, the predecessor to the State and Consumer Services Agency, was created in September 1968. Originally, it was established by the Governor's Reorganization Plan No. 1 of 1968. It was later codified in statute by Ch 138/69. At the time, the Secretary of the Agriculture and Services Agency provided policy guidance and leadership for 11 departments, boards and offices. The agency budget for 10 months of 1968-69 consisted of 3.2 positions and \$74,734.

Under the provisions of Ch 662/77, the Agriculture and Services Agency was renamed the State and Consumer Services Agency.

Through the years, the composition of the agency has changed, with various departments shifting in and out of the agency. In 1982, the State and Consumer Services Agency was composed of the following departments: Consumer Affairs, Veterans' Affairs, General Services, Office of the State Fire Marshall, Franchise Tax Board, State Personnel Board, Public Employees' Retirement System, State Teachers' Retirement System, California Museum of Science and Industry, California Public Broadcasting System, and Fair Employment and Housing.

#### GROWTH OF THE AGENCY

Positions and expenditures for the State and Consumer Services Agency have grown significantly since the agency's creation. It is difficult to trace this growth, however, because of the continuing shifts in

the composition of the agency. In addition, prior to 1972-73, the Governor's Budgets failed to provide information detailing changes in the agency's authorized positions. Nevertheless, it appears that much of the increase in agency staffing has occurred in the area of general overview activities.

Over the years, there have been significant fluctuations in the number of positions assigned to program-specific functions. For example:

- An Employer-Employee Relations Unit, consisting of four positions, was established in 1973-74 to assist representatives of employee organizations. This unit was transferred to the Governor's office in 1974-75.
- The State Building Standards Commission, originally consisting of six positions, was established in the agency in 1979-80. In July 1982, the commission was transferred to the Department of General Services.
- The federally supported Intergovernmental Personnel Act Advisory Council, consisting of three positions, was moved to the agency in 1981-82. The council was terminated in 1982-83.
- A Disabled Compliance Program Unit, consisting of 6.5 positions, was established in the agency in 1979-80 to monitor state compliance with the Federal Rehabilitation Act of 1973. This unit continues in the agency today.

Since 1981-82, there has been a decline in the number of positions and expenditures authorized for the agency. In that year, the agency had 32.6 positions and expenditures of \$1,748,000. In 1982-83, the agency estimates that it will have 26.5 regular positions, 0.4 temporary positions,

and expenditures of \$1,119,000. For 1983-84, the Governor's Budget proposes 21.9 positions and expenditures of \$1,057,000. This further reduction will be achieved primarily by termination of the IPAAC and related professional positions.

ASSIGNMENT OF PERSONNEL

Chart 4 displays the organization of the agency as of December 1982. In addition, Table 4 describes the distribution of positions and expenditures for 1983-84. As the table indicates, the majority of positions in the agency are used for nonprogram-specific functions. The remainder of the positions are for specific program activities including 6.5 positions for the Disabled Compliance Program and 1 position for the WIN/COD Coordinator.

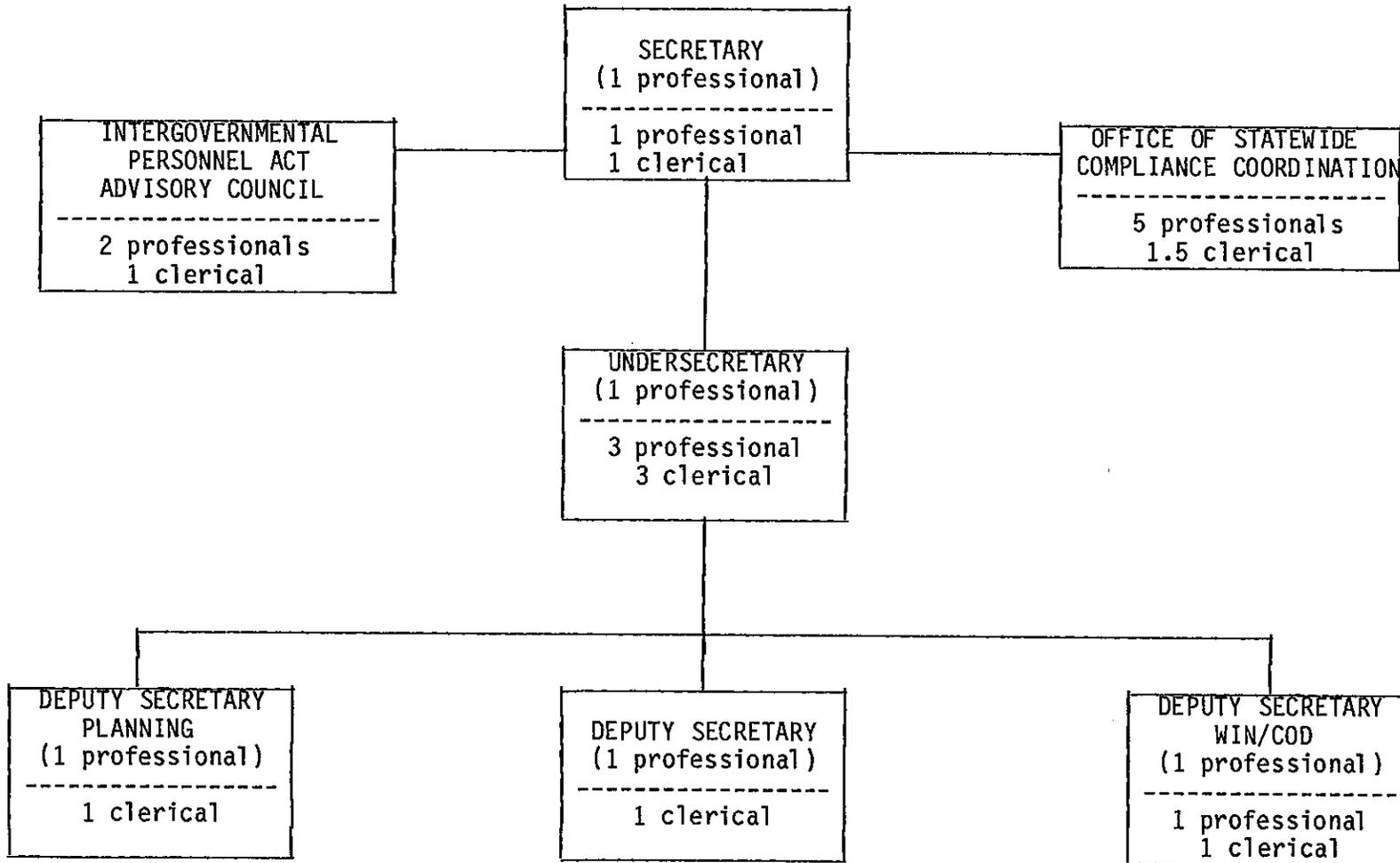
The agency has four exempt positions, including the Agency Secretary, the Undersecretary, and two Deputy Secretaries. One of the Deputy Secretary positions is an exempt entitlement borrowed from the Department of General Services. Funding for this position is included in the agency budget.

Table 4  
State and Consumer Services Agency  
Proposed Positions and Expenditures by Function  
1983-84

|                                | <u>Positions</u> | <u>Expenditures</u> | <u>Authority</u>                   |
|--------------------------------|------------------|---------------------|------------------------------------|
| 1. Program-specific:           |                  |                     |                                    |
| a. Disabled Compliance Program | 6.5              | \$345,000           | Executive Order B-65-80, June 1980 |
| b. WIN/COD Coordinator         | 1.0              | 60,000              | Ch 578/71                          |
| 2. Nonprogram-specific         | <u>14.4</u>      | <u>652,000</u>      | --                                 |
| 3. Total                       | 21.9             | \$1,057,000         |                                    |

Chart 4

STATE AND CONSUMER SERVICES AGENCY  
1982-83



## CHAPTER VI

### YOUTH AND ADULT CORRECTIONAL AGENCY

#### ESTABLISHMENT AND GROWTH OF THE AGENCY

The Youth and Adult Correctional Agency was one of the four original agencies established by Ch 2037/61. Agency expenditures for the last nine months of 1961-62 were \$35,296 and 1.5 positions.

In 1967-68, the agency's functions were transferred to the Health and Welfare Agency.

The Youth and Adult Correctional Agency was reestablished in March 1980, pursuant to an executive reorganization plan. Provisions of the reorganization plan were codified by Ch 624/82. Expenditures by the re-established agency during the last six months of 1979-80 totaled \$141,000, and staffing amounted to 2.6 personnel-years. The agency estimates expenditures of \$619,000 to support 10.3 authorized positions in 1982-83. The increased expenditures and staff reflect a full-year program, rather than an increased level of activity. For 1983-84, the agency proposes to reduce its staff by one clerical position. As a result, the agency requests \$630,000 and 9.3 positions.

#### ASSIGNMENT OF PERSONNEL

Chart 5 shows how the agency is organized in the current year. The proposed agency staff for 1983-84 consists of the Secretary, the Under-secretary, four Deputy Secretaries, three clerical positions, and a part-time temporary help position. Five of the six professional positions are exempt appointments, and the agency has an additional exempt entitlement

which is not being used.

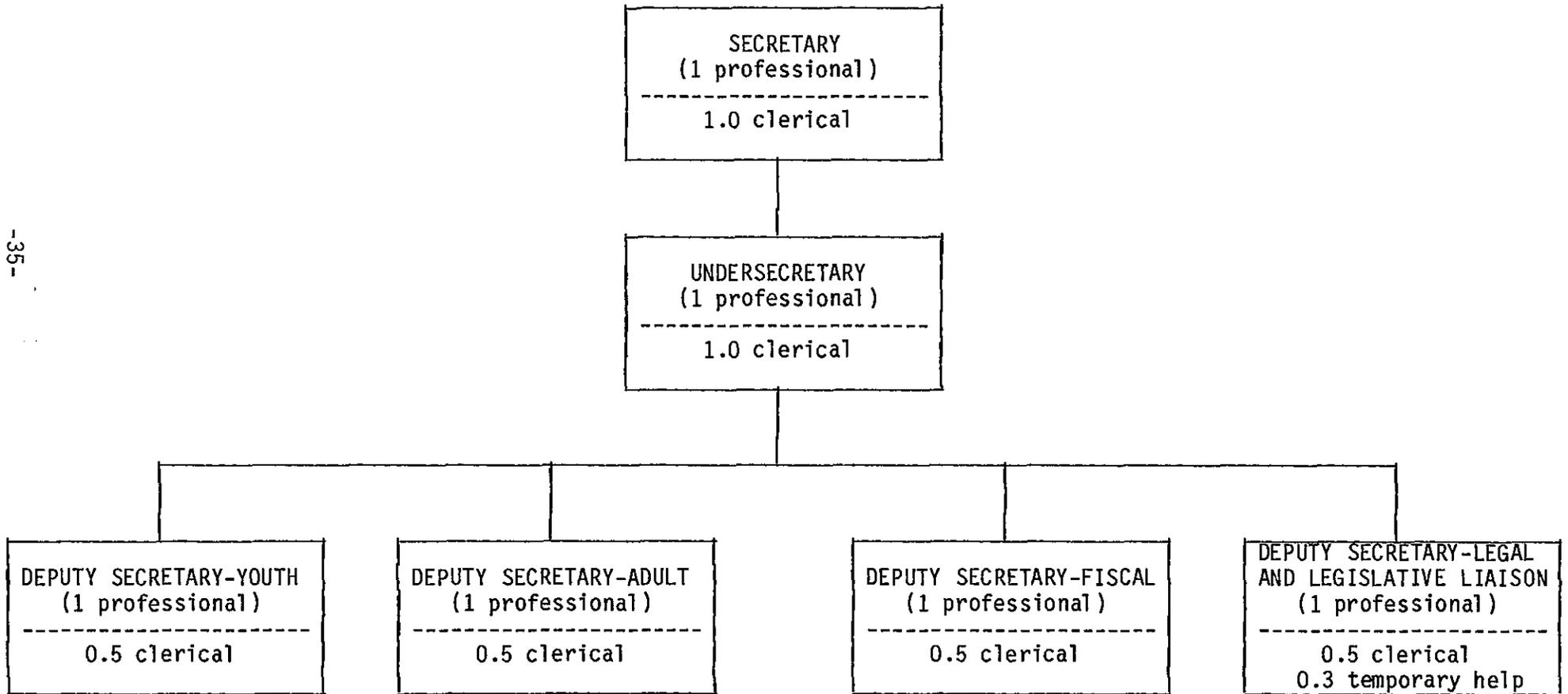
Table 5 summarizes agency positions and expenditures, by function, as proposed for 1983-84. As the table indicates, the agency is responsible for policy oversight and coordination activities; it administers no programs.

Table 5  
Youth and Adult Correctional Agency  
Proposed Positions and Expenditures by Function  
1983-84

|                        | <u>Positions</u> | <u>Expenditures</u> | <u>Authority</u> |
|------------------------|------------------|---------------------|------------------|
| 1. Program-specific    | --               | --                  | --               |
| 2. Nonprogram-specific | 9.3              | \$630,000           | --               |

Chart 5

YOUTH AND ADULT CORRECTIONAL AGENCY  
1982-83





CHAPTER VII  
FINDINGS AND CONCLUSIONS

In the preceding chapters, we focused on each of the five agencies individually, describing their origins, growth, and use of existing positions. In this chapter, we attempt to provide a context in which the Legislature can decide whether the agencies' existing staffing levels and scope of operations are warranted. We do this by answering two questions:

- To what extent has the growth in agencies been due to an increase in program-specific activities assigned to agencies by the Legislature?
- To what extent has the growth in nonprogram-specific activities been in line with the growth in constituent departments?

This chapter, however, does not directly answer the question raised by the Assembly Office of Research's report on super-agencies, or debated by the Legislature in 1982: have agencies grown too large? There are two reasons why we are not able to provide an answer to this question. First, it is difficult to identify what it is that agency staffs do, and what percentage of available staff time is devoted to various types of activities. Second, those positions directed to nonprogram-specific activities, which comprise almost two-thirds of agency staff, do not lend themselves easily to objective workload analysis. In fact, these activities epitomize the classic budgeting dilemma--how much is enough? How much planning is necessary? How much coordination is necessary? It is extremely difficult to develop answers to these questions using objective analytical techniques.

AGENCY GROWTH

In order to assess agency growth, we compared the level of expenditures and staff for each of the five agencies at two points in time: the agency's first year of operation (expressed on an annualized basis) and 1983-84 (as proposed in the Governor's Budget). This comparison is shown for each agency in Table 6. The expenditures shown in the table include program costs, as well as related staff costs. The table, however, does not reflect borrowed positions.

As the table indicates, most of the growth in agency staff and expenditures is attributable to the expansion of nonprogram-specific functions. The one significant exception to this trend can be found in the Health and Welfare Agency, where there has been a major addition of program-specific activities.

Table 6  
Agency Expenditures and Staff  
in Year of Establishment and Proposed for 1983-84

|   | <u>Year of<br/>Establishment<sup>a</sup></u> | <u>1983-84<br/>Proposed</u> | <u>Percent<br/>of Total<br/>1983-84</u> |
|---|--|-----------------------------|---|
| I. BUSINESS AND TRANSPORTATION<br>AGENCY (established October<br>1, 1961) |  |                             |   |
| A. Positions  |  |                             |   |
| 1. Nonprogram-specific  | 1.3  | 21                          | 91%                                     |
| 2. Program-specific   | <u>--</u>                                    | <u>2</u>                    | <u>9</u>                                |
| Total   | 1.3  | 23                          | 100%                                    |

a. Adjusted to reflect full-year costs.

|  | <u>Year of<br/>Establishment<sup>a</sup></u> | <u>1983-84<br/>Proposed</u> | <u>Percent<br/>of Total<br/>1983-84</u> |
|--|--|-----------------------------|---|
| I. BUSINESS AND TRANSPORTATION<br>AGENCY--contd                |  |                             |   |
| B. Expenditures  |  |                             |   |
| 1. Nonprogram-specific   | \$29,000                                     | \$1,163,000                 | 92%                                     |
| 2. Program-specific  | <u>    --</u>                                | <u>    104,000</u>          | <u>    8</u>                            |
| Total  | \$29,000                                     | \$1,267,000                 | 100%                                    |
| II. HEALTH AND WELFARE AGENCY<br>(established October 1, 1961) |  |                             |   |
| A. Positions   |  |                             |   |
| 1. Nonprogram-specific   | 2  | 21.6                        | 36%                                     |
| 2. Program-specific  | <u>    --</u>                                | <u>    38.0</u>             | <u>    64</u>                           |
| Total  | 2  | 59.6                        | 100%                                    |
| B. Expenditures  |  |                             |   |
| 1. Nonprogram-specific   | \$40,000                                     | \$1,174,000                 | 35%                                     |
| 2. Program-specific  | <u>    --</u>                                | <u>  2,148,000</u>          | <u>    65</u>                           |
| Total  | \$40,000                                     | \$3,322,000                 | 100%                                    |
| III. RESOURCES AGENCY (estab-<br>lished October 1, 1961)       |  |                             |   |
| A. Positions   |  |                             |   |
| 1. Nonprogram-specific   | 1.9  | 20.5                        | 87%                                     |
| 2. Program-specific  | <u>    --</u>                                | <u>    3</u>                | <u>    13</u>                           |
| Total  | 1.9  | 23.5                        | 100%                                    |
| B. Expenditures  |  |                             |   |
| 1. Nonprogram-specific   | \$37,000                                     | \$1,335,000                 | 91%                                     |
| 2. Program-specific  | <u>    --</u>                                | <u>    133,000</u>          | <u>    9</u>                            |
| Total  | \$37,000                                     | \$1,468,000                 | 100%                                    |

a. Adjusted to reflect full-year costs.

|  | <u>Year of Establishment<sup>a</sup></u> | <u>1983-84 Proposed</u> | <u>Percent of Total 1983-84</u> |
|--|--|-------------------------|---------------------------------|
| IV. STATE AND CONSUMER SERVICES AGENCY (established September 1, 1968) |  |                         |                                 |
| A. Positions   |  |                         |                                 |
| 1. Nonprogram-specific   | 3.2                                      | 14.4                    | 66%                             |
| 2. Program-specific  | <u>--</u>                                | <u>7.5</u>              | <u>34</u>                       |
| Total  | 3.2                                      | 21.9                    | 100%                            |
| B. Expenditures  |  |                         |                                 |
| 1. Nonprogram-specific   | \$75,000                                 | \$652,000               | 62%                             |
| 2. Program-specific  | <u>--</u>                                | <u>405,000</u>          | <u>38</u>                       |
| Total  | \$75,000                                 | \$1,057,000             | 100%                            |
| V. YOUTH AND ADULT CORRECTIONAL AGENCY (established October 1, 1961)   |  |                         |                                 |
| A. Positions   |  |                         |                                 |
| 1. Nonprogram-specific   | 2  | 9.3                     | 100%                            |
| 2. Program-specific  | <u>--</u>                                | <u>--</u>               | <u>--</u>                       |
| Total  | 2  | 9.3                     | 100%                            |
| B. Expenditures  |  |                         |                                 |
| 1. Nonprogram-specific   | \$47,000                                 | \$630,000               | 100%                            |
| 2. Program-specific  | <u>--</u>                                | <u>--</u>               | <u>--</u>                       |
| Total  | \$47,000                                 | \$630,000               | 100%                            |

a. Adjusted to reflect full-year costs.

#### Program-Specific Functions

Table 6 clearly shows that since the five agencies were established, there has been a significant increase in the level of effort directed toward

program-specific activities in all but one of them. Our review indicates that in 1983-84 agencies will undertake activities in six different program areas. Of these, two were established by the Budget Act, one was added by Executive Order, and three were added through legislation.

Table 7 identifies agency expenditures and positions, by function, as proposed in the Governor's Budget for 1983-84. The table indicates that 51.5 agency positions and over \$3 million in agency expenditures will be directed toward specific program activities. This represents more than one-third of total proposed agency staff and expenditures. The Health and Welfare Agency alone accounts for three-quarters of all agency staff and expenditures directed toward program-specific activities. When the Health and Welfare Agency is excluded, program-specific positions and expenditures account for approximately 15 percent of the budgets of the remaining four agencies.

Table 7

Total Proposed Staff and Expenditures  
by Function for All Agencies  
1983-84

|                        | Proposed--1983-84 |                |
|------------------------|-------------------|----------------|
|                        | <u>Number</u>     | <u>Percent</u> |
| A. Positions           |                   |                |
| 1. Nonprogram-specific | 85.8              | 62.5%          |
| 2. Program-specific    | <u>51.5</u>       | <u>37.5</u>    |
| Total                  | 137.3             | 100.0%         |
| B. Expenditures        |                   |                |
| 1. Nonprogram-specific | \$4,809,000       | 61.5%          |
| 2. Program-specific    | <u>3,011,000</u>  | <u>38.5</u>    |
| Total                  | \$7,820,000       | 100.0%         |

### Nonprogram-Specific Functions

Most of the expansion in nonprogram-specific activities occurred as a result of decisions made during the annual budget process. Among the activities in this category are the following:

1. Policy Review and Planning. Review, formulate and propose policies and long-range plans and oversee their implementation.
2. Budgets. Review and approve departmental budgets.
3. Coordination and Communication. Communicate information between the Governor and the departments, act as liaison with departments, and participate on various task forces, boards and commissions.
4. Legislation and Regulations. Develop and review bills and proposed regulations.
5. Management Review. Review departmental organization, review and approve personnel decisions affecting hirings and promotions, review employee grievances, review departmental contracts.
6. Program Evaluation. Evaluate performance of departmental programs.

It is not possible to determine how much staff time the agencies devote to each of these or other nonprogram-specific activities. Agencies do not require individual employees to keep time sheets or otherwise document how they spend their time. In addition, it is extremely difficult to estimate how time is spent because:

- (1) An individual staff member may perform a wide variety of tasks, and
- (2) The workload at any point in time is heavily influenced by the attitude and orientation of the agency secretary. As a result,

the type of activities performed are likely to vary significantly among agencies and within the same agency over time, due to staffing changes.

#### GROWTH IN THE AGENCIES RELATIVE TO THE GROWTH IN CONSTITUENT DEPARTMENTS

A second way to assess agency growth is to compare the growth in each agency's budget for nonprogram-specific activities with the growth in the budgets of each agency's constituent departments.

In collecting the data needed for this comparison, we used personnel-years rather than positions, and expressed personnel-years during an agency's first year of operation on an annualized basis. The detailed results of this comparison are shown, by agency, in Appendix A.

In tabulating data from the Governor's Budget for purposes of this comparison, we encountered two difficulties. First, there are inconsistencies in the way in which data is presented in the budgets at various points in time. Second, changes in the organization of various constituent departments and their assignment to specific agencies made comparisons between years difficult. Because of these difficulties, the results of these comparisons should be used only to draw broad conclusions about the pattern of growth in agencies and departments, rather than to chart the growth of specific agencies and make comparisons among them.

Our analysis indicated that the number of constituent departments for which the five agencies are responsible has increased significantly over time. The size of the agencies' staff, however, has increased at a considerably faster rate than the number of staff employed by the constituent departments. The pattern of increases in expenditures, however, varies among agencies. Expenditures by the Resources Agency, the Business

and Transportation Agency, and the State and Consumer Services Agency have increased at a much greater rate than expenditures for these agencies' constituent departments. On the other hand, expenditures by the Health and Welfare Agency and the Youth and Adult Correctional Agency have increased at a slower rate than expenditures by their constituent departments. This is explained by the rising costs attributable to caseload increases in the entitlement programs (Medi-Cal, AFDC, SSI/SSP) and caseload increases in the state's correctional facilities.

#### CONCLUSION

Our review indicates that most of the growth in the size of the five agencies can be attributed to the growth in nonprogram-specific activities. Of the positions proposed for agencies in 1983-84, about one-third are requested for program-specific activities and two-thirds are requested for nonprogram-specific activities. Of the program-specific positions, less than one-third were authorized as a result of legislation. Consequently, new laws do not account for most of the agency growth.

In addition, our analysis indicates that nonprogram-specific agency staff has grown much more rapidly than staff of the agencies' constituent departments.

The obvious question that our analysis raises is--have agencies grown too much? As we indicated at the outset of our report, this question cannot be answered using the technique of workload analysis. There is little detailed workload information about what agency staff do--particularly in the nonprogram-specific areas. This makes it difficult for the Legislature to determine exactly how agency staffs spend their time, and thus to determine an agency's resource requirements.

Even if detailed information on how agency staff spend their time was available, it would still be difficult to determine an agency's staffing requirements on a workload basis. This is because there is no objective basis for determining how much staff is enough to carry out such functions as general planning and coordination.

The Legislature's original objectives in establishing agencies were to provide for better policy formulation and coordination within state government and to reduce the number of organizations reporting directly to the Governor. Clearly the scope and effort of current agency activities go well beyond what was originally envisioned by the Legislature. Some agencies, for example, have become directly involved in reviewing the day-to-day management activities of their constituent departments or administering certain programs. This does not necessarily mean that the scope and effort of current agency activities goes beyond what the Legislature expects today or what is warranted by the needs of the state.

Our judgment--and it is an impressionistic one--is that the output of the individual agencies has not always increased commensurate with the increase in agency staffing. For example:

- The Business, Transportation, and Housing Agency, which oversees the Department of Transportation and the Department of Housing and Community Development (HCD), has not acted to coordinate the Century Freeway construction schedule with the ability of HCD to provide housing for displaced residents. While the state Department of Transportation has displaced approximately 750 households since 1979, HCD has completed only 43 replacement units. The lack of coordination between the two construction schedules is

resulting in the state incurring a double relocation cost for hundreds of families.

- Although the 1981-82 Governor's Budget contained four positions in the Office of Refugee Affairs within the Health and Welfare Agency to (1) develop and implement the State Master Plan for Refugee Resettlement and (2) coordinate the efforts of the various state departments and local agencies involved in the refugee programs, our review found that the agency has not been particularly effective in coordinating refugee policy within the state. In fact, the Department of Social Services (DSS), not the Health and Welfare Agency, has taken the lead in coordinating the fiscal aspects of refugee programs. Specifically, DSS has tracked the availability of federal funds and supervised the distribution of those funds among the affected departments and programs. As a practical matter, this has meant that in times of federal fund cash-flow shortages, the DSS has rationed federal funds among its own programs, the Department of Health Services, and the Department of Developmental Services program.
- The United States Forest Service and the Bureau of Narcotics Enforcement indicate that California has become the leading producer of illegal domestic (sinsemilla) marijuana in the United States. The growers have selected publicly owned lands, such as the Forest Service, National Park Service, and Bureau of Land Management properties located in remote areas. Because the growers have used force to keep government employees and the public away from cultivated areas, the public use of significant

park areas which cost the taxpayers millions of dollars is being impeded. The Resources Agency, however, has not attempted to coordinate an attack on marijuana cultivation as part of the ongoing activities of the various departments in the agency, or even set up task forces to facilitate the exchange of information and ideas about the problem.

Put another way, the coordination of activities within the individual agencies' area of responsibility does not appear to have improved to the extent that nonprogram-specific staffing has increased.

This suggests to us that the agencies need to use existing positions more effectively or the Legislature should reduce the number of agency positions. It also suggests to us that the agencies need to limit the scope of their activities in order to ensure that they satisfactorily perform those functions for which they originally were established. To this end, we continue to recommend that agency responsibilities be limited to policy formulation, coordination and monitoring, and that agency program activities be reassigned to line departments.



## APPENDIX A

### COMPARISON OF AGENCY GROWTH WITH THAT OF CONSTITUENT DEPARTMENTS

#### Business and Transportation Agency (1961-62 to 1983-84)

- The number of constituent departments increased from 3 to 17.
- Departmental staff increased two and one-half times.
- Agency staff increased almost eighteen-fold.
- Departmental expenditures increased almost twenty-one-fold.
- Agency expenditures increased forty-fold.

#### Health and Welfare Agency (1961-62 to 1983-84)

- The number of constituent departments increased from 3 to 12.
- Departmental staff almost doubled.
- Agency staff increased eight and one-half times.
- Departmental expenditures increased about a hundred times.
- Agency expenditures increased twenty-nine-fold.

#### Resources Agency (1961-62 to 1983-84)

- The number of constituent departments increased from 6 to 16.
- Departmental staff almost doubled.
- Agency staff increased almost ten-fold.
- Departmental expenditures increased nineteen-fold.
- Agency expenditures increased thirty-six-fold.

State and Consumer Services Agency (1968-69 to 1983-84)

- The number of constituent departments increased from 9 to 11.
- Departmental staff increased almost one and one-half times.
- Agency staff increased almost four-fold.
- Departmental expenditures increased six-fold.
- Agency expenditures increased seven-fold.

Youth and Adult Correctional Agency (1961-62 to 1983-84)

- The number of constituent departments grew from 3 to 5.
- Departmental staff more than doubled.
- Agency staff grew almost five-fold.
- Departmental expenditures grew almost nineteen-fold.
- Agency expenditures grew thirteen-fold.