

REPORT OF THE COMMISSION ON THE ORGANIZATION  
OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

THIRTY-SIXTH LEGISLATURE

STATE OF UTAH

January 15, 1966



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CHAIRMAN  
TELEPHONE  
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The Honorable Members of the 36th Legislature  
State Capitol  
Salt Lake City, Utah

Fellow Citizens:

Your bi-partisan Commission is pleased to transmit its report of findings and recommendations on the organization of the executive branch of Utah State government.

Your Commission was created by Senate Bill No. 20, effective March 25, 1965. This act charged your Commission with the responsibility of developing recommendations "...to promote economy, efficiency, and improved services in the transaction of the public's business...." This Commission's assignment, therefore, has been to assist you, the legislature -- to achieve your stated goals.

This report deals with the reasons for management reform in state government and the opportunities for improvement. Some suggestions for dollar savings capable of achievement have been made. Though these projected annual savings could total millions of dollars, we have but scratched the surface. The real opportunity for major savings is in the overhaul of the present administrative structure.

To assist it in its efforts, your Commission retained the management consulting firm, Booz, Allen and Hamilton, Inc. Fifteen staff members from this firm have worked with us on this important task. Their contributions have been significant in the deliberations of this Commission and the development of this report.

Generally, we have not discussed agency achievements of which there are many. We have addressed ourselves to the many and significant problems that have come about because of Utah's system of government. Our examination was directed at the present system -- not the people in the system. In fact, we wish to commend many state employees encountered in our study, and their personal commitment to improved and more efficient government.

The organizational recommendations set forth should be considered only as an architectural sketch or blueprint of what can be done to meet the existing needs. This study is first and foremost an examination of overall executive organization -- an examination geared to eliminate costly duplications and diffused authority and to fix responsibility so that problems can be dealt with at their source. Whether a particular office should be elected or appointed is subject to debate. Your bi-partisan Commission has clearly and objectively expressed its view on these matters.

However, serious and prompt attention should be given, on a priority basis, to specific recommendations dealing with:

- Combining administrative agencies and functions on a logical and economical basis.
- Simplifying organizational structures and relationships and assigning clear authority and responsibility.
- Abolishing certain policy boards, such as the board of examiners.
- Discontinuing commission involvement in administrative tasks.
- Developing professional and comprehensive budgeting, auditing, and personnel management techniques.

If priorities are to be established, these changes should be placed at the top of the list.

Over the years, many legislators, public officials, and citizens have advocated more efficient and economical government. Here is a genuine opportunity for those interested in efficiency and economy to do something specific about it. Constructive suggestions in our common quest for efficiency, economy, responsibility, and accountability in government are always needed. Our burden as citizens is to be part of the solution -- not part of the problem.

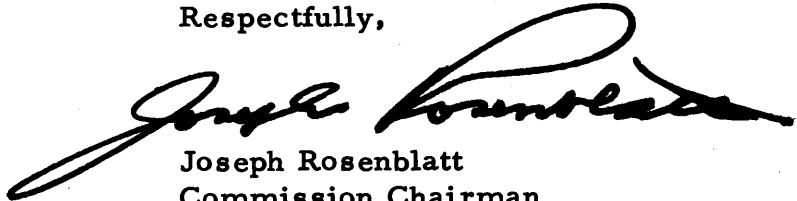
January 15, 1966

Some things in this report are far more important than others. We must not become so emotionally entangled in certain issues that we lose sight of the big opportunity which exists to create a better and more perfect instrument of government and place Utah in a leadership role among the states.


This report is not an end product. It is but a first step. Some of the members of this Commission, for instance, will file supplementary views. Our responsibility as citizens is to make certain that there is a second, third, and fourth step -- and a continuing effort toward perfecting our government and doing a better job.

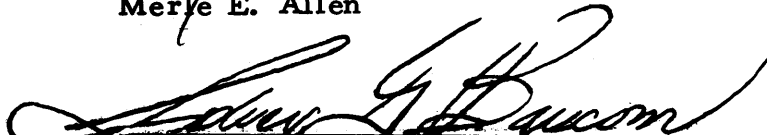
This report presents a challenge to the legislature, the executive branch, and to the people of Utah. We believe that the tradition, mores, and character of our people requires change for the better.

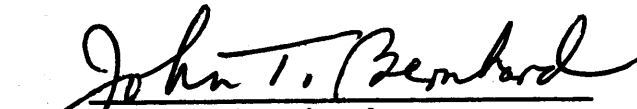
Respectfully,

  
Joseph Rosenblatt  
Commission Chairman

  
Kay Allen

  
Merle E. Allen


  
Sidney G. Baucom

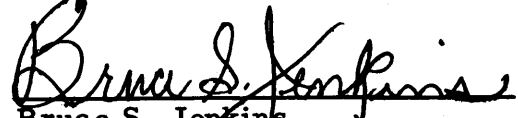
  
John T. Bernhard

  
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(See attached addendum)

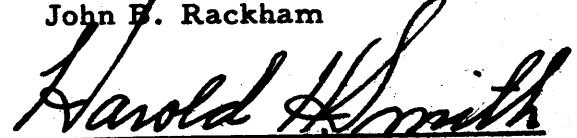
  
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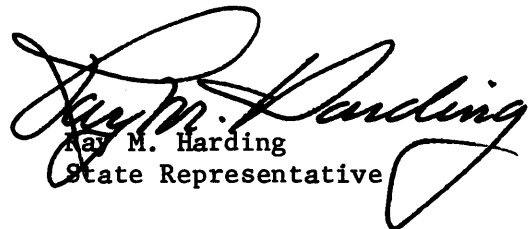
  
Harold H. Smith



January 12, 1966

A D D E N D U M

I concur with the majority of the commission in recognizing a need for reorganization, however, I disagree with their report in many particulars that will be set forth later in a supplemental report.

  
Ray M. Harding  
State Representative

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## I. PRESENT PLAN OF ORGANIZATION

State government in Utah has been expanding in an attempt to keep pace with the increasing public service requirements of a growing population, now estimated to be over 1,000,000. Recent program expansions have occurred in many areas and include:

- Increased state participation in financing of public schools, institutions of higher education, and public welfare assistance programs.
- Establishment of a \$67,000,000 capital improvement program for development of state buildings and park and recreation sites.
- Increased support for industrial development and other state promotional programs.
- Accelerated development of the state highway system.

To implement and "administer" the expanding programs an administrative structure has been created and staffed. Utah state government now employs almost 11,000 full time personnel including those who work for colleges and universities. Counting federal aid, Utah now expends annually an amount in excess of three hundred million dollars (\$300,000,000).

For example, state expenditures for the fiscal year 1964-65 were as follows:

<u>Activity</u>	<u>Amount</u> <u>(Million)</u>	<u>% of</u> <u>Total</u>
Education	\$ 147.8	46.5
Highways	86.5	27.2
Welfare	27.4	8.6
Unemployment Benefits	14.9	4.7
Natural Resources	10.1	3.2
Health & Hospitals	8.8	2.8
Public Safety	6.8	2.1
General Control	5.8	1.8

<u>Activity</u>	<u>Amount (Million)</u>	<u>% of Total</u>
Miscellaneous	\$ 5.4	1.7
Employment Security	4.3	1.3
	<hr/>	<hr/>
Total	\$ 317.8	99.9%

If current expenditure patterns continue, by 1970 state government could well be spending \$500,000,000 annually.

There is, therefore, a dramatic and compelling need that state government expend with efficiency and plan with prudence so that the most be obtained from each revenue dollar. State government must be properly structured to be able to efficiently fulfill the administrative task.

How then is the state now structured within the executive branch of government?

WITHIN THE EXECUTIVE BRANCH OF GOVERNMENT  
MANAGERIAL RESPONSIBILITY FOR STATE PROGRAMS IS  
WIDELY SCATTERED

Expanding demands for state services generally have been met by creating entirely new organizational units without adequate consideration of their relationship to the existing structure of government. At last count, the executive branch of government was composed of a relatively loose confederation of more than 150 separate officials, departments, boards, commissions, councils, and committees. These units fall into the following broad categories:

Elected officials	5
Elected Boards	1
Major Commissions, Boards, Departments	49
Ex Officio Boards and Commissions	17
State Institutions	15
Minor Boards, Commissions, Councils and Agencies	37
Licensing Boards, Committees, Councils	28
Interstate Compact Commissions	<hr/> 4
Total	156

Although some of these organizational units are subordinate to larger state agencies, the majority are independent of effective central direction and control.

The trend in state government has been and continues to be toward multiplication of boards and agencies. Usually when a new program is conceived, pressures from within and outside state government mount to place it in the hands of a new agency, which, allegedly, will give close and sympathetic attention to its problems. Exhibit I graphically illustrates the existing administrative structure of the Executive Branch of the Government. It further illustrates the multitude of agencies which have been created to fulfill the administrative task.

Closely related functions and activities are now being performed by entirely separate administrative agencies with little or no possibility of effective cooperation or coordination. Multiplication of organizational units has resulted in unnecessary and costly overlapping of functions as indicated in the partial, but illustrative tabulation set forth below:

<u>Functional Areas</u>	<u>Number of Agencies</u>
General Control	20
Education	11
Natural Resources	9
Health	8
Public Safety	10
Promotion and Development	9
Business Regulation and Commerce	14
Licensing Boards	27
Welfare	6

It can thus be seen in demonstrable form what many have "felt" but have not had occasion to document until the undertaking by this study commission.

THE ADMINISTRATIVE STRUCTURE IS SO COMPLEX AND UNPLANNED THAT EFFECTIVE OVERALL MANAGEMENT IS AT BEST IMPROBABLE AND IN THE OPINION OF MANY, IMPOSSIBLE WITHIN THE PRESENT STRUCTURE OF GOVERNMENT

Set forth below in this chapter are specific critiques of the current role of the governor within the executive branch, an



examination of the so-called "commission form of government", deficiencies in staff type services, the need for a comprehensive audit, inadequacies of current budget procedures, and a brief examination of personnel practices. They are presented to further demonstrate the need for improvement.

- Overall Management by the Governor Over the Scope and Performance of Agency Activities is Restricted

The governor generally is considered as the state's chief executive officer since the constitution clearly directs him to "... see that the laws are faithfully executed". However, his ability to effectively fulfill this responsibility has been impaired by constitutional and statutory restrictions.

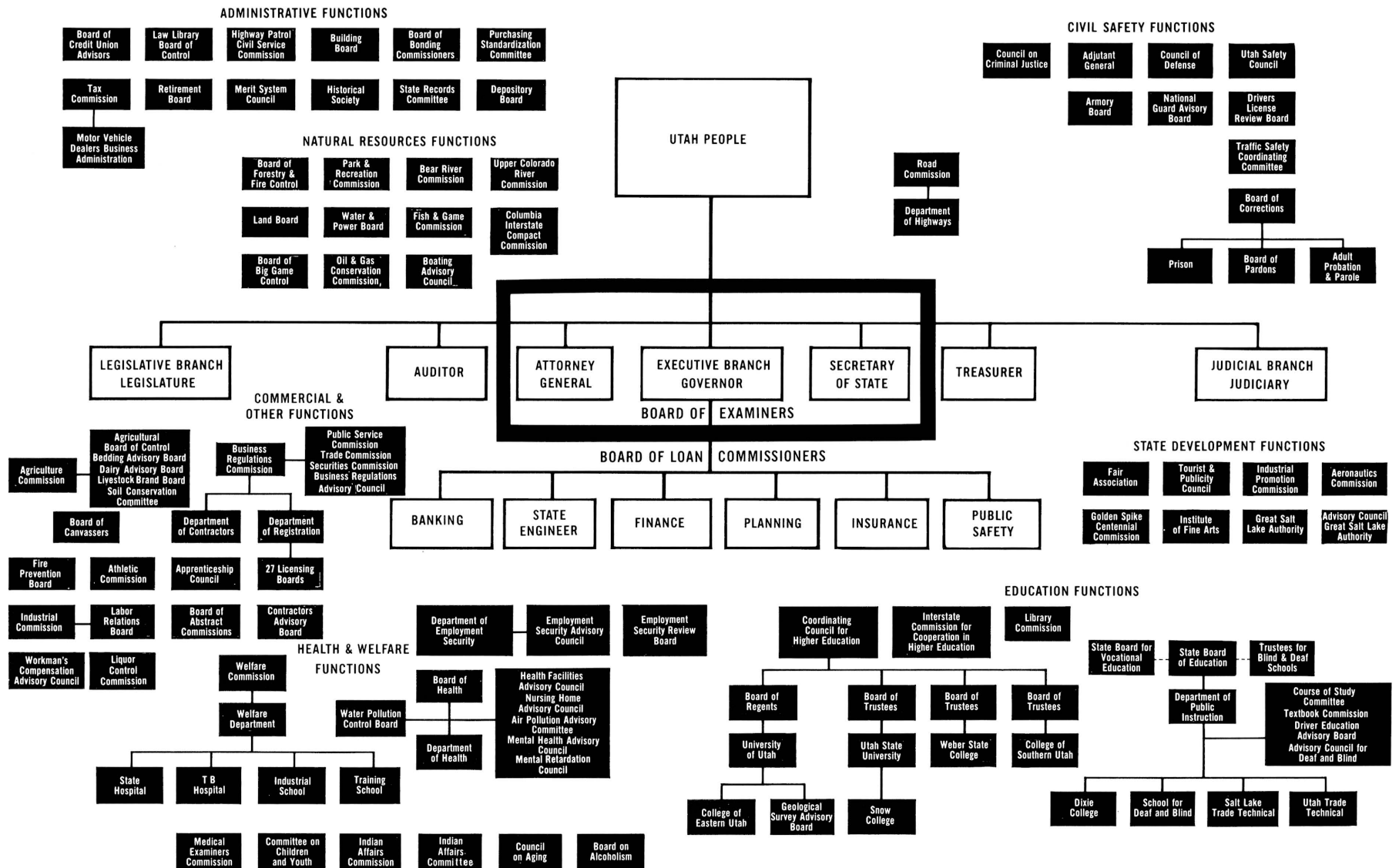
While the governor's limited managerial authority has increased somewhat over the years, improvements have not kept pace with demands. The governor's influence over the scope and direction of state services has been restricted. For example:

- . Top-level administrative authority in the executive branch is shared by the governor and four other elected officials, an elected board of education, and the powerful board of examiners.
- . Appointment and removal of key agency heads often has been restricted by law.
- . Terms of office of appointed officials normally differ from that of the governor.

Executive authority is diluted by the ex-officio board of examiners and its continual involvement in financial management. By virtue of their membership on this board, the secretary of state and attorney general can wield considerable budgetary control and override financial decisions of the governor should they disagree with his policies.

Full managerial authority over executive agencies is dependent, in part, on the extent to which the governor can appoint and remove top agency heads. This control is noticeably absent in Utah as the governor cannot exercise reasonable discretion over the selection and dismissal of departmental

EXHIBIT I  
STATE OF UTAH  
EXECUTIVE BRANCH OF GOVERNMENT  
PRESENT PLAN OF ORGANIZATION



directors. Currently, only a handful of state officials are appointed directly by the governor and serve at his discretion. In most cases, agency heads can only be removed for "cause".

The governor's freedom to manage, in the full sense of the word, is further restricted by the fact that many key officials are actually appointed by other persons or agencies. Administrative officers for the land board, road commission, tourist and publicity council and other agencies are appointed by their respective boards and commissioners. The governor may or may not be involved in these appointments. Moreover, many of the state's top officials do not have terms of office corresponding with the governor's.

Without question, these restrictions have been imposed to restrain the governor's authority, and, thereby, insulate important governmental activities and programs from the vagaries of "politics" or a less than honest chief executive. These devices are thought by many to provide adequate insurance against the impact that "politics" might have over agency operations.

Few fully realize, however, that some current restrictions on the governor's power can prove to be relatively meaningless if a governor is truly "politically-minded". Ways exist to circumvent the intent of some such provisions. For example, gubernatorial pressure can be brought to bear on some agencies through use or disuse of patronage appointments, support or opposition to agency financial plans, attention or inattention to departmental programs, or more covert tactics. Therefore, restrictions of this nature serve only to frustrate and irritate an able and action-oriented chief executive and thereby create delays in the decision-making process.

- Predominance and Proliferation of the Commission Form of Organization Has Weakened Effective Executive Management

Undoubtedly the most significant and crippling managerial problem in state government today is the overwhelming reliance placed in the commission or board-form of organization to administer state programs. Of the 156 organizational units existing today, 122 (80%) are headed by multi-membered boards, commissions, councils, or committees. When only the 50 major state agencies are considered, it is startling to

learn that three-fourths have been subjected to board management. To staff the top posts in all state agencies, the governor is required to appoint, nominate, or approve over 500 individuals.

The commission-form of organization has taken precedence over other forms of management and is deeply entrenched in state government today. The reasons for its existence and prominence are varied. Many persons honestly feel that commission organization provides for greater citizen participation in government. Still others apparently have a widespread and traditional distrust of one-man authority and administration. There appears to be a deep suspicion of centralized management as it applies to government, and that such management is synonymous with dictatorship. Many persons hold strong convictions that a bi-partisan board or commission will be better able to resist the temptations which allegedly accompany centralized authority and less inclined to be arbitrary or swayed by pressure.

As a result, state government in Utah has been the focus of a constant multiplication of boards and commissions. Full-time administrative commissions currently head such important programs as tax administration, liquor control, agriculture, welfare, business regulations, labor relations, and industrial control. Part-time administrative commissions and boards direct the state's highway, correction, state fair, health, indian affairs, conservation and natural resource programs. Numerous other so-called "limited-control" or "policy" boards exist and function in other service areas.

Aside from those areas where quasi-legislative or quasi-judicial tasks are involved, this Commission submits that the commission and board-form of organization has proven to be deficient in coping with the critical management needs of modern-day state government. The administrative weaknesses inherent in this form of organization are briefly summarized:

- Many commissioners have not had professional training or experience in the areas they supervise.
- Full-time administrative commissions have caused delays and reduced efficiency in agency operations since managerial decisions of importance

cannot usually be made without a meeting, extended discussion, and, most probably, compromise. Moreover, the staffing of these commissions have required relatively large outlays for salaries and other "trappings" of office.

- Limited-control and part-time commissions and boards have continuously intruded into day-to-day administration of agencies. This practice has stifled the initiative of agency personnel and disrupted effective working relationships.
- Although bi-partisan boards have been established to eliminate or minimize partisan participation in administration, experience does not support this contention.
- Commission members that are appointed on a staggered term basis can oft times forestall desirable changes proposed by able chief executives.

By the standard of performance deemed desirable by Commission, the board-form of organization is unsuited to prompt and decisive action and a major hurdle to effective executive management. Moreover, and more important, the present form of state government organization cannot, in practice, be responsive to the people of Utah since no one can really be held accountable for good, bad, or indifferent administration.

- Fully Effective Consolidation and Further Development of Essential Staff Services are Noticeably Absent

Staff-type activities which serve in a supportive capacity to state government programs have reached various stages of development. Partial consolidation within the department of finance has occurred in the areas of personnel, budgeting, purchasing, accounting, and other "housekeeping" services. However, even these activities are uneven in terms of quality and effectiveness.

Other support functions, such as facility planning, records management, "housekeeping" activities for the capitol campus, and legal services have been assigned to elected officials or appointed boards and commissions which, in many

instances, operate quite independently of the governor. But more important, service activities adaptable to central management, like management improvement services, office services, data processing, duplicating, and motor fleet management, are either dispersed among various agencies or not developed at all.

Failure to fully consolidate and develop the staff services required for business-like management has cost the state in cost reduction opportunities which have not been recognized or achieved. It also has resulted in weak staff support for critical program areas, and, therefore, has impaired the quality of the state's top and middle management effort.

- Comprehensive and Truly Independent Audits of State Finances and Programs Have Not Been Fully Developed

One of the major and most effective "checks" which can be imposed over the policies and programs of the executive branch is a professional and independent audit. Such an audit should be based upon generally accepted auditing standards and free from any influence whatsoever. Without question, audits for the state's \$300,000,000 yearly operation should be comprehensive and of the highest professional quality.

However, the scope and nature of the audit program falls short of these standards. Audit independence and objectivity cannot be fully achieved since the auditor is part of the executive branch, and, therefore, this branch of the government is auditing itself. Moreover, certain other standards normally associated with a comprehensive and professional audit are lacking.

Although the auditor is legally responsible for reporting to the public and legislature, only limited attention has been given to his reports. The legislature has failed to establish procedures which provide for legislative scrutiny and analysis of audit reports.

- Budgeting of State Funds is Inadequate in Terms of Quality and Effectiveness

Serious deficiencies in the budgetary process presently prevent a rational, systematic, and comprehensive development of the state's short-term and long-range financial plan. Major weaknesses in this process are:

- . The importance of overall state government budgeting has not been recognized organizationally.
- . Agency budgets are prepared and submitted without being subjected to a discerning and independent analysis.
- . Many agencies are exempt from central budget review.
- . Budgets do not reflect the programs to be undertaken or the performance expected.
- . No attempt is made to consolidate operating and capital improvement budgets in order to assess the impact of each of these programs on the other.

It is evident that the budget transmitted to the governor and submitted to the legislature is an incomplete financial plan which lacks intensive professional analysis. With few exceptions, it merely represents a compilation of past expenditures with moderate increases for proposed agency programs. Therefore, the budget is not a meaningful document nor an effective plan for managing state government.

- Management Improvement Programs Have Not Been Started

Few efforts have been made in the past to subject state government and its programs to the scrutiny of a trained management analysis staff. Therefore, a management improvement program worthy of its name has not been developed. As a result, no agency has been authorized or staffed to:

- . Study administrative problems within and between agencies.

- . Review organizational structure and relationships in order to eliminate duplication of efforts and overlapping functions.
- . Analyze state programs in light of needs and effectiveness:
- . Evaluate methods, procedures, and utilization of personnel.

Failure to develop and install programs of this nature has cost the state in revenue improvement possibilities and cost reduction opportunities which have been missed. In addition, the governor and top agency personnel have been denied an important management tool to assist them in their administrative tasks.

- Implementation and Management of the State-Wide Merit System Requires Revision

During the past legislative session, a generally progressive and carefully conceived merit system law was enacted. However, extension of the merit principal throughout state government and development of a first-class personnel program have lagged. Specific problems which have impeded progress in this area are:

- . Limited staffing pattern of the central personnel office restricts the scope and quality of state's personnel program.
- . Classification-wage plan has not been systematically updated.
- . Imaginative and aggressive recruiting programs have not been developed.
- . Programs to encourage promotional opportunities between and among agencies have been neglected.
- . Employee suggestion and incentive plans have not been initiated.
- . Little attention has been given to management development and manpower forecasting within agencies.



Exemption of middle management positions from merit system coverage has impaired development of an effective career personnel program.

These problems need attention and correction if the state is to capitalize on its human resources and use its personnel to the best possible advantage.

When the broad organizational and administrative problems encountered by this Commission are analyzed and weighed, it becomes clear that state government in Utah is so structured that it cannot now be managed with the desired degree of efficiency, economy, or discipline. Effective management has been stifled because of the widespread organizational dispersion which has occurred. This dispersion is due, in part, to the public's widespread distrust of governmental officials and programs and special interest groups which effectively demand and foster the creation of separate agencies and separate financing arrangements. Elimination of this management problem and substituting in its place the quality of management needed and expected in Utah calls for:

- Fixing clear management responsibilities with the governor and providing him with the means of achieving effective management.
- Eliminating individual agencies which are superfluous and consolidating related functions into a manageable number of departments.
- Setting higher standards for departmental management and properly equipping agencies to meet such standards.
- Developing competent staff agencies to effectively serve state government in such areas as personnel, budgeting, and general administrative services.
- Redefining the role and status of boards, commissions, councils, and committees.
- Establishing improved and effective "checks and balances" over the possible misuse of governmental power.
- Providing for more effective citizen participation in the formulation of overall governmental policies.

One point should be underscored. The executive office of the governor should be the focal point for effective management of the executive branch. . An organization the size of this state cannot be properly managed except through a single office--an office where overall problems can be wisely and effectively resolved--an office to which the people can look for effective management of state affairs. Only the executive office of the governor fits this discription.

## II. OFFICE OF THE GOVERNOR

The office of the governor is staffed to perform the normal range of gubernatorial duties, including: ceremonial, trouble-shooting, public information, legislative liaison, and legal assistance. Additionally, the state-wide planning function and services relating to the various poverty programs have been assigned to the governor's office. Traditionally and properly so, the office of the governor has consisted of a relatively small staff having considerable responsibilities.

The governor himself is confronted with an awesome set of responsibilities. He is expected to govern a large, sprawling, \$300 million organization wisely, effectively, and at minimum cost. He is to give sympathetic consideration to the problems of individual citizens and a host of special interest groups. The governor is to bring industry into Utah, attract tourists, settle disputes among local units of government, and serve as host to visiting dignitaries. But, most important, the governor is expected to be a leader--the people look to him and him alone to manage and guide Utah's state government in an effective and efficient manner.

### CONCLUSIONS

In the light of the expectations of the people and the needs of the entire state of Utah, this Commission has drawn the following conclusions:

- The present and past governors have the machinery to be little more than governors in name only. The structure of state government is such that they have been actually prevented from governing.
- Utah's governor is able to implement the bulk of his policies only through persuasion, the prestige of his office, and the force of his personality. With some few exceptions, however, the governor cannot direct or order anyone to do anything.
- This situation has caused Utah's governors to adopt a posture of drift and, sometimes, utter frustration.

It is the further conclusion of this Commission that if Utah is to reverse its present trend toward a more complex, wasteful, and ineffective system of administration, basic changes must be made in the assignment of authority, responsibility, and accountability to the governor and in providing him the tools required to govern. This condition has not occurred because of the conscious desire of people involved with the government. It has happened because of the system. The system is costly and ineffective, ---and must be changed.

## RECOMMENDATIONS

The key to progress and improvement in Utah's state government is in the office of the governor. The basic key is to give the governor specific authority and responsibility. The secondary keys are to provide the governor with the tools he needs to govern.

### 1. RECONSTITUTE THE OFFICE OF SECRETARY OF STATE

At the present time, the governor does not have an "alter ego" who can and should serve as assistant or lieutenant governor should the need exist. Though provision for succession does exist, a more effective organizational arrangement would call for the establishment of an elected lieutenant governor to run on the same ticket as the governor.

There are those who say that such an office may not be meaningful. It can and should be built into a substantial position. It is recommended, therefore, that the present position of secretary of state be upgraded and reconstituted to that of lieutenant governor and that the duties of this position be such as the governor might prescribe. Such duties might properly include:

- Those duties of the present secretary of state, with the exception of facilities management responsibilities.
- Assist the governor with the time consuming, but essential ceremonial duties of his office.
- Participation in cabinet meetings, from the standpoint of a more broad and more comprehensive view of government than individual commissioners. He should chair the cabinet meetings in the governor's absence.

- Participate in legislative liaison work and specific trouble shooting assignments at the governor's direction.
- Work on a day-to-day basis with the director of state-wide planning in order to provide the governor needed support in this critical area.
- Assume responsibility for the overall planning of the various federal support programs, particularly in the "poverty" programs.

The election laws of the state of Utah should be altered to conform with the substance of this report.

In summary, the reconstituted position of secretary of state (lieutenant governor) can be a useful, important job, depending upon how the governor views it. Certainly, the duties outlined above are considerably more substantial and significant than those of the present secretary of state, an office that has little place in modern government.

## 2. STRENGTHEN THE STATE-WIDE PLANNING EFFORT

The state is making good progress in the development of a state-wide master plan. Though the planning program is in its infancy, the present coordinator of planning has a sound concept of what needs to be done and how to do it. The legislative council also has provided a needed thrust toward long range planning with its goals for Utah program. Additionally, all state department heads are giving active thought to planning their own functions. This very evident interest in planning is good and should be continued. The entire function, however, needs strengthening, as follows:

- The title of planning coordinator should be changed to director of state-wide planning. "Coordinator" titles are pallid and meaningless, while the title of director has meaning and carries some authority to get the job done.
- The director of state-wide planning should sit as secretary to the governor's cabinet so he is constantly aware of new and changed directions in executive thinking. This is extremely important so that the state's planning efforts are not conducted in a vacuum.
- The planning director should work hand in glove with the proposed commissioner of budget and administrative services on the operating and capital budgets. Since sound budgeting essentially is the development of a financial plan, these two

positions must, of necessity, work very closely with one another.

- The planning director should not be assigned specific administrative programs. Planning is a full-time job and should not be cluttered with less important matters.

Finally, this Commission would urge a very practical, hard-headed approach to planning. For example, objectives should be developed that are specific in nature, quantified numerically where possible, and always of such a character that actual performance can be measured against them. In short, the governor needs a way to evaluate the performance of commissioners and department heads. They, in turn, need a mechanism to appraise the performance of their staff. The development of hardheaded objectives and systematic evaluation and eventually the building in of a system of incentives for superior management is the goal toward which the state should strive.

3. ASSIGN THE FUNCTIONS OF THE COMMISSIONER OF BUDGET AND ADMINISTRATIVE SERVICES TO THE OFFICE OF THE GOVERNOR

In order to highlight the budget function and to clearly indicate that the state's chief budget and administrative officer is the governor's key staff executive, it is recommended that an executive office of the governor be created and that the budget and administrative services agency be assigned to it. Implementation of this recommendation will underscore the governor's role in management of essential staff functions.

4. ESTABLISH AN OFFICE OF INFORMATION AND COMPLAINTS

Our democratic society is framed and oriented in such a way that public officials are considered employees of the people. This is an altogether sound orientation. However, in today's complex world, individual people, when confronted by state bureaucracy, do not know where to turn for answers to legitimate questions and for resolution of complaints. An office should be provided for these purposes. This office should be small, freewheeling, and operate under the aegis and support of the governor. Duties should include:

- Review and evaluate all citizen complaints or requests for information through correspondence, telephone, or personal visit.

- Promptly acknowledge receipt of such citizen inquiry.
- Refer inquiry to appropriate department for action or information.
- Follow up departments quickly and systematically and get an answer within ten days.
- Inform the citizen of action taken. Try to personalize this kind of service through personal visits or communication by telephone and avoid, at all costs, the typical "governmentalese" memorandum that normally causes only more confusion.

In addition to the more important function of citizen service, this unit should take responsibility for assuring that departments are handling direct contacts with individual citizens in a courteous, prompt, and efficient way. One of the more important reasons for this recommendation is the appraisal of this Commission that public encounters with individual citizens have varied from extreme helpfulness to downright surliness. This latter condition cannot be tolerated.

As a further recommendation, the government should consider the systematic development and distribution through the office of the governor and department of state development, of an attractive report on Utah progress and improvement. It should be a magazine kind of publication that is geared to accurately reporting on the public posture of Utah in a variety of fields. It should be used to inform key Utahns as well as important people and organization throughout the country and could be a useful tool in any long range plan of economic development.

##### 5. UNDERTAKE, CARRY-OUT, AND SUSTAIN A REVOLUTION IN THE MANAGEMENT OF STATE GOVERNMENT

Running as a common thread throughout this report is the urgent need for a management revolution of major proportions in state government. The first step in organizing for and carrying out such a revolution is a determination and strength of purpose that the state government will modernize, up-grade, and streamline throughout.

The second step, after the attitude is established and a sensible plan of organization is installed, is to provide the governor, his cabinet, and key departmental personnel with a management information and reporting system that will encourage and actually force active and

dynamic management. Aspects of such a system should include:

- Continuing program analysis. There is a very clear feeling in government that once a program is established, it is forever sacred and shall remain untouched in perpetuity. There is a further feeling that we must go to great lengths to qualify for federal programs and that we must match with Utah funds, those monies that the federal government is offering.

These attitudes are destructive and must be changed. No program is sacred. Some programs can be performed most effectively at local governmental levels. Others can be most effectively assumed by private organizations. Still others are no longer needed and should be reshaped, modified, or eliminated. The federal government should not be allowed to kill us with kindness.

- Cost/benefit analyses. It is important to subject all program requests to a rigorous analysis technique that has been used in private organizations for years. Specific, quantified benefits should be developed and costs related to such benefits so that it is possible to tell whether a program is worth the cost. To do this, the state's management team must ask penetrating, sometimes embarrassing questions and make difficult decisions.
- Program reporting. A system of management reports must be developed that can quickly and clearly tell the governor and his key managers just what is happening to the state establishment. Such information could include:

- forecasts, trends, comparisons, and ratios of income and outgo.

- numbers of employees, trends and analyses.

- average salaries by classification, with trends.

The above data, which is only very basic and should be considered a starting point, is simply not available on a current, accurate basis. It is clear that without meaningful information, it is impossible to manage a complex organization. The alternative, of course, is to drift. This course must be changed.



6. AUTHORIZE THE GOVERNOR TO TAKE THE INITIATIVE IN  
ADMINISTRATIVE REORGANIZATION

The state legislature has ultimate authority and responsibility for establishing administrative departments, defining their functions, powers, and duties and make other changes as it sees fit.

However, if the governor is to be the state's chief executive, he too should have some responsibility for minimizing costly proliferation of agencies and duplications of functions. As the state's chief administrative officer, he and his administrative staff are in the best position to provide the initiative for an orderly and rational development of the state's administrative structure. Therefore, the governor should be given authority to allow him to take the lead when conditions dictate, in administrative reorganization.

It is recommended, therefore, that the state constitution be amended to authorize the governor to make changes in the allocation of offices, and agencies, and in the allocation of such functions, powers, and duties, as he considers necessary for efficient and economical administration. If such changes affect existing law, he should be authorized to set forth such changes in executive orders and submit them to the legislature. If after 60 days, these orders have not been modified or disapproved by a resolution concurred in by a majority of the legislature, they should have the force of law.

Under this proposal, nothing would prevent the legislature from initiating and adopting its own reorganization plans, or rejecting those set forth by the governor.

BENEFITS TO UTAH

By following the guidelines suggested in this chapter, Utah can reverse the costly, inefficient trend it has followed for years. The state government can seek and achieve the real benefits of active, dynamic management--benefits which can be measured in hard dollars and improved services to our people. Most importantly, the people can receive the tangible benefits of an able governor who is permitted to manage the government and they can evaluate his performance because he is responsible.

### III. BUDGET AND ADMINISTRATIVE SERVICES

During fiscal year 1964-65, the state of Utah spent almost \$318,000,000 for governmental programs, or close to \$870,000 each day. Effective overall management of financial resources available to the state is lacking, since a variety of elected officials, ex-officio boards, and appointed boards and commissions share in this authority. In addition, certain staff services necessary for sound management of the state's financial and human resources have not been fully developed. Exhibit II sets forth the present organizational structure for the management of financial and staff services, and illustrates the administrative complexity present in this area of state government today. Major features of the present organization are summarized below.

The board of examiners, composed of the governor, secretary of state, and attorney general, can and does wield considerable influence over financial management, particularly budgetary control, through its constitutional authority for examination and approval of all claims against the state. Over the years, this authority has evolved to include: approval of payrolls, out-of-state travel requests, salary changes, water and power projects; and, in certain cases, the acquisition and disposition of state land. These same three officials also function as a board of loan commissioners, and, as such, are authorized to borrow money for the state if funds are unavailable in the treasury and negotiate internal loans from state fund balances to pay for specific projects authorized by the legislature. Further managerial division of fiscal matters occurred in 1965 when the legislature created a separate board of bonding commissioners, to issue and fix terms on bond issues for approved capital improvements.

The involvement of the governor in state fiscal management was improved in 1963 when a three man finance commission was replaced by a finance director, appointed by and serving at the discretion of the governor. Financial and staff services presently performed by the department include: budgeting, accounting, purchasing, personnel services, motor pool, mailing, surplus property and, as a result of this Commission's earlier recommendation, certain data processing activities. Other staff and "housekeeping" services, however, have not been fully integrated under the governor. For example, facility planning and supervision of the state's ten year building program are performed by the building board; archival and records management is

a responsibility of the historical society; overall direction of the personnel program for the highway patrol and driver license examiners rests with the highway patrol civil service commission; retirement programs are administered by the retirement board; and management of capitol buildings, including maintenance, assignment of space, and telephone service is a function of an elected secretary of state.

Service-type activities that are adaptable to centralized management, such as motor vehicle administration, duplication, microfilming, and data processing activities still are performed by many state agencies and institutions. In contrast, other important staff services, such as management analyses and organizational planning are practically non-existent.

## CONCLUSIONS

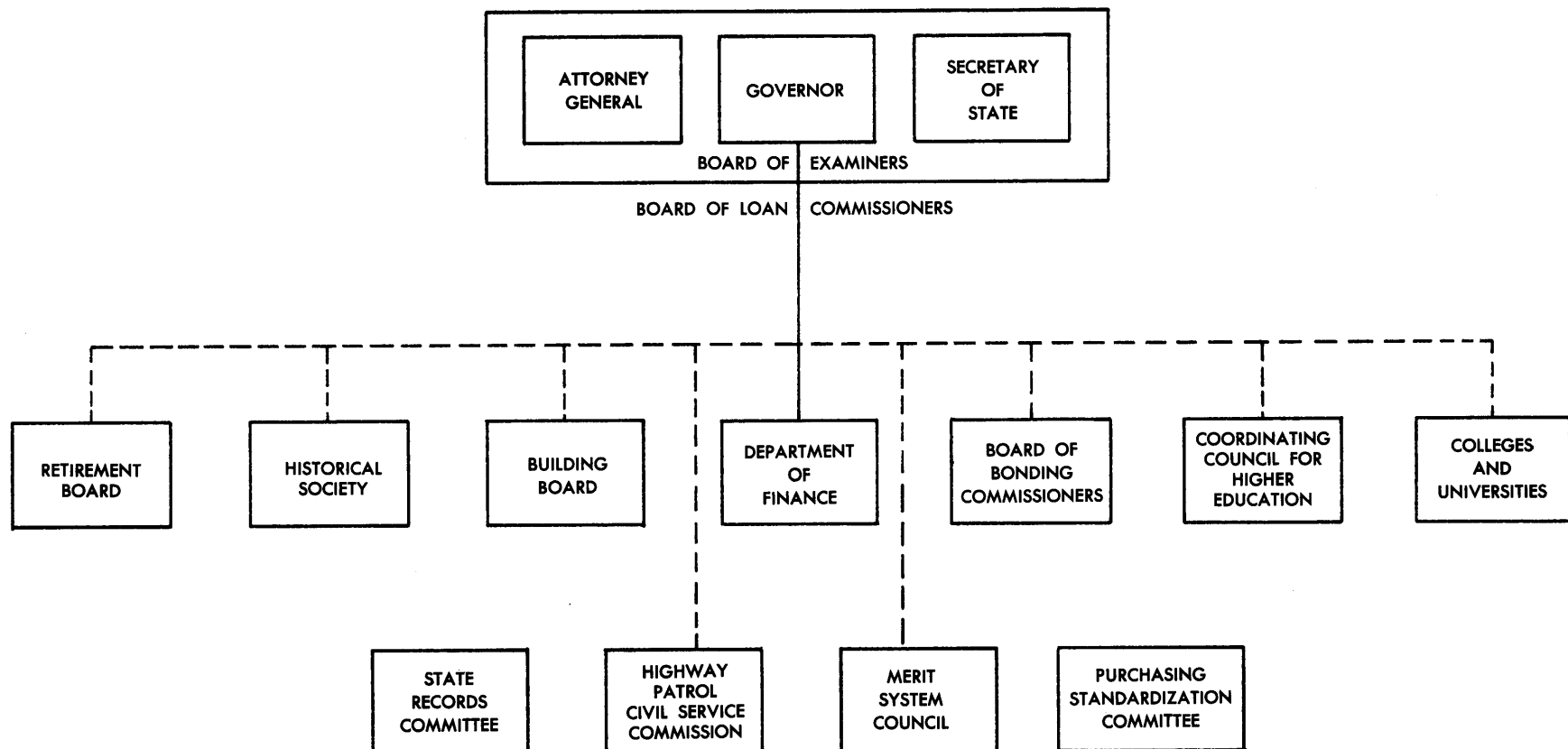
The cost of state government in Utah has increased steadily and is likely to get higher. Effective and efficient management of state programs and related financial and human resources is essential and clearly dependent upon:

- Establishment of clearly defined authority and accountability for overall financial management.
- Centralized administration of fiscal and administrative services.
- Preparation, implementation, and control of a carefully considered and comprehensive executive budget.
- Development of economical staff and "housekeeping" services.
- Establishment of a first-class personnel program.

Failure to provide a high quality of fiscal management and supporting staff services can only result in waste, inefficiency, and ineffectual public programs.

Major conclusions relating to organization and management of the state's financial and staff services have been summarized as follows:

**EXHIBIT II  
STATE OF UTAH  
BUDGET AND ADMINISTRATIVE SERVICES  
PRESENT PLAN OF ORGANIZATION**



- Authority and Responsibility for Management of Financial and Administrative Services Continues to be Fragmented

Consolidation of those functions needed for effective management of fiscal and administrative services has not taken place in Utah. Except for financial and staff activities performed by the department of finance, authority and responsibility for such management has been widely scattered among elected officials, ex-officio boards, and appointed boards and commissions. As a result, there is no central, effective coordination and control by the governor over the state's financial and administrative activities. This is a serious problem which should be met forthrightly since continuation of this outmoded form of organization will hamper state government in fulfilling its obligations to the citizens of Utah.

- Budgeting of the State's Financial Resources is Inadequate in Terms of Quality and Effectiveness

Serious deficiencies in the existing budgetary process prevent a rational and systematic development of program priorities on which sound judgment can be made. Major problems are as follows:

- . Agency budgets are prepared generally on the basis of past expenditures without particular reference to actual short-term and long-range program needs or past performance.
- . Only minimal guidance is provided by the central budget office in preparation of agency requests. In general, the budget division is unfamiliar with the scope and quality of agency programs. Its activities are restricted primarily to collecting, tabulating, and consolidating budgetary data, and transmitting this information to the director of finance and the governor. The budget process, therefore, is not a planning but rather a mechanical process.
- . State agencies, such as the retirement board, banking department, and oil and gas conservation commission, do not submit budgets for legislative approval since their spending is governed by statutory provisions or formulas.

- . Colleges and universities are generally exempt from central review by the budget office as their budgets are screened by the coordinating council for higher education.
- . Formal budget hearings between the governor, top financial aids and agency heads have not been adequately developed.
- . The existence of almost 200 separate funds for accounting purposes and earmarking of over 60% of the state taxes channeled to these funds creates inflexibility in budgeting and financial administration.

Therefore, the budget transmitted to the governor is an incomplete financial plan which lacks intensive and knowledgeable analysis. With few exceptions, it represents only a compilation of past expenditures with adjustments for moderate increases in proposed agency requests.

For these reasons, the legislature cannot effectively allocate the state's limited financial resources. Allocations are made primarily on the basis of past expenditures, intuition, and effectiveness of certain agencies in selling their programs to the legislature. The state's budget is not a meaningful document nor is it an effective plan for managing state government.

- Failure to Develop and Centralize Important Staff and "Housekeeping" Services Hampers Effective Financial Management

The development of important staff and "housekeeping" services has not been achieved to the degree needed. Although centralization of certain staff services has occurred in the department of finance, other staff and "housekeeping" services have either been assigned to appointed boards and elected officials or left to be developed by individual agencies.

Failure to develop and coordinate these staff services has weakened the ability of the governor to provide effective and economical management of administrative services. It has resulted in duplication of staff and equipment as well as varying degrees of quality in the services performed. Moreover, in small agencies with only limited personnel and finances, there generally is a complete absence of needed staff services.

Experience with the staff and "housekeeping" services which already have been centralized in the department of finance indicates that consolidation and centralization have led to savings and improvements in the quality of services performed. More importantly, the governor's role in financial management has been strengthened since these staff services are responsive to his office.

## RECOMMENDATIONS

Since financial and human resources available to any state, including Utah, can be expected to remain limited, effective management of these resources is a must if state spending is to be rationally programmed and managed. Sound management cannot be achieved if the present problems are not corrected. This Commission, therefore, strongly recommends that the following changes be implemented.

1. ABOLISH THE BOARD OF EXAMINERS, BOARD OF LOAN COMMISSIONERS, AND BOARD OF BONDING COMMISSIONERS

Successful management of state revenues and expenditures requires a consolidation of authority, responsibility, purpose, and effort. To accomplish this objective, assignment of authority and responsibility for financial management to the governor is required. This goal cannot be achieved if ex-officio boards, such as the board of examiners, continue to exist and function. It is recommended, therefore, that the board of examiners, as well as the board of loan commissioners and board of bonding commissioners be abolished.

It is clear that the governor's role in fiscal management is weakened by involvement of the board of examiners in budget control. Routine administrative matters, such as approval of salary increases and payrolls, must be referred to this board. First-hand knowledge of such transactions is difficult and, therefore, review is generally meaningless. But more important, the judgment of this three man board can be substituted for the judgment of the state's chief executive officer who, with his financial staff, is infinitely more qualified to exercise budgetary control than the other elected officials on the board. Although elimination of the board of examiners would require constitutional revision, it is well worth the effort to do so.

Since the board of loan commissioners and board of bonding commissioners do not really have continuing or major roles in

financial management and serve to further fragment executive authority, there is little justification for their continued existence. These boards should be eliminated by legislative enactment and their functions transferred to the governor and appropriate staff agencies, subject to broad legislative controls.

2. ESTABLISH A POSITION OF COMMISSIONER OF BUDGET AND ADMINISTRATIVE SERVICES TO ASSIST GOVERNOR IN FINANCIAL MANAGEMENT AND COORDINATION OF STAFF SERVICES

The governor, as a practical matter, cannot manage the state's fiscal and staff activities on a full-time basis because of his numerous responsibilities in other areas. Therefore, authority for management of fiscal, personnel, and other administrative services should be delegated to the governor's chief budget and administrative officer. Delegation of this authority is proper, since final accountability for the success or failure of the full range of administrative services still rests with the governor. It is recommended, therefore, that the position, commissioner of budget and administrative services, be established and that this official be appointed by the governor, with the advice and consent of the senate, and serve at the governor's discretion.

Effective management of administrative and staff functions necessarily should include budgetary planning and control, personnel administration, and development and consolidation of essential staff services. Therefore, the commissioner should be assigned responsibility for overall management of these programs. Exhibit III sets forth the proposed plan of organization for budget and administrative services.

Because of the close relationship which should exist between the governor and his chief administrative officer and the importance of having these fiscal and administrative controls near at hand, it is further recommended that the commissioner operate directly out of the office of the governor.

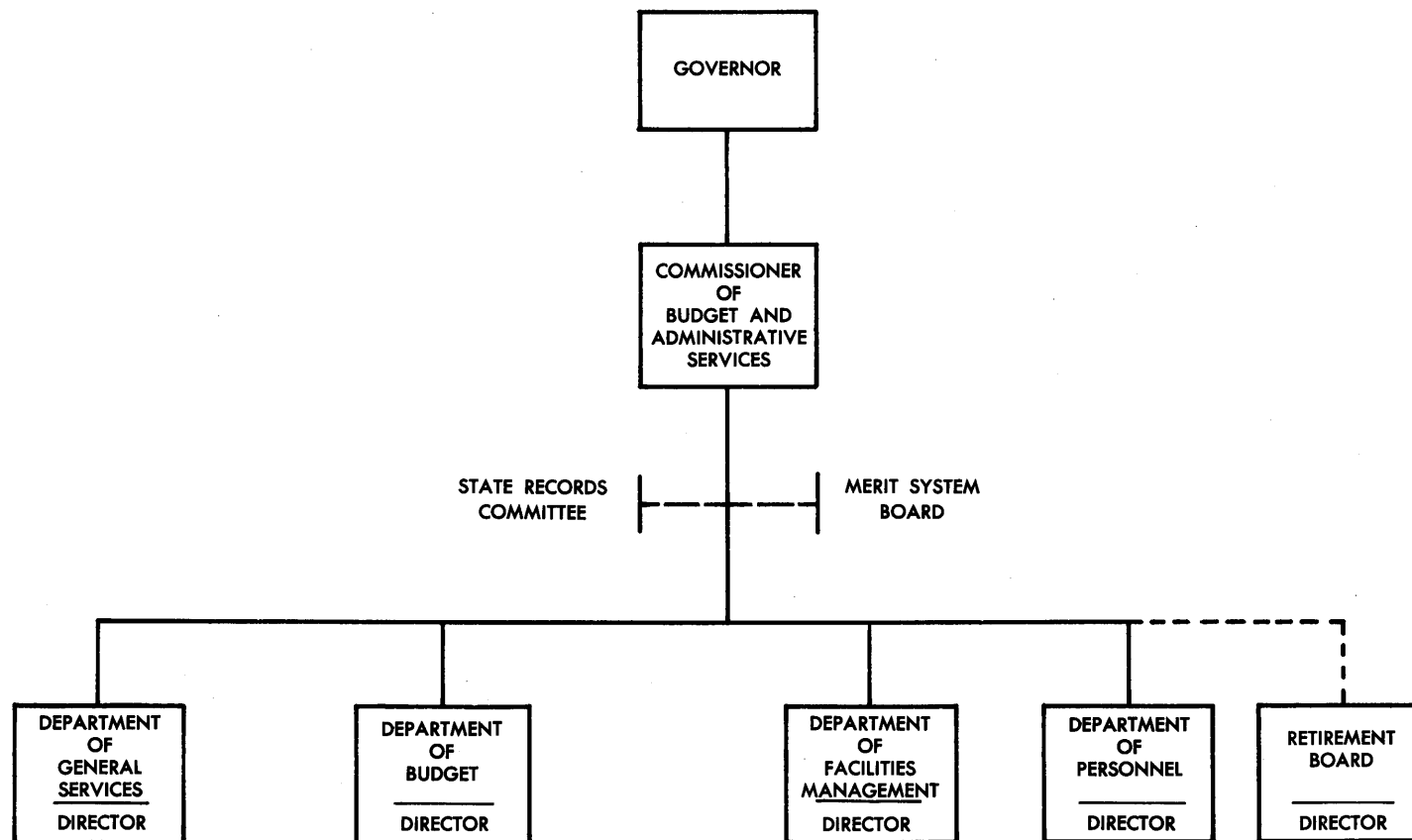
Implementation of this recommendation is a necessary step if the governor is to manage state government effectively.

3. CREATE A DEPARTMENT OF BUDGET TO ASSIST THE COMMISSIONER IN HIS BUDGETING RESPONSIBILITIES

The critical importance of the budget as the governor's foremost fiscal and planning device is not recognized in the present organizational structure. Furthermore, the staffing pattern for



EXHIBIT III  
STATE OF UTAH  
BUDGET AND ADMINISTRATIVE SERVICES  
PROPOSED PLAN OF ORGANIZATION



the central budget office and the scope and quality of the state's budgetary activities are inadequate.

Currently, day-to-day responsibility for developing and administering the governor's operating budget has been placed with a central budget division in the department of finance. Within the present department of finance, the programs of the budget office are completely overshadowed by accounting activities and concepts. Current expenditures for the budget office, for example, amount to 12% of the total expenditures for the department while expenditures for accounting amount to 66% of the total. In addition, the accounting and control aspects of the budget are emphasized at the expense of its planning function.

It is recommended that a department of budget be established and that the present functions of the budget and accounts and control divisions, including pre-audit, be transferred to this new department. This action will serve to emphasize the importance of budgetary activities, permit the budget office to deal as an equal with other agencies and departments, elevate it from its present subordinate relationship to accounting, and provide the commissioner of budget and administrative services with a major state agency to assist him in fulfilling his budgetary responsibilities.

If the proposed department of budget is to fulfill its major responsibilities in providing comprehensive budgetary review, research, management analysis, and a full-range of accounting services, including pre-audit, the department should be organized in such a manner as to get the job done effectively. It is recommended, therefore, that three divisions be created as set forth in Exhibit IV: budget and research, management services, and accounting; and that the following steps be taken:

3.1 Initiate Comprehensive Programs of Budget Analysis and Fiscal Research for All State Agencies

The budget division presently is staffed by an acting director, who functions as the chief budget examiner, and four budget examiners. These examiners are responsible for preparing budget forms, compiling budgetary information, reviewing agency work programs, establishing and revising allotment schedules, certifying the availability of funds for payrolls and purchases, preparing budgetary reports, and performing management surveys. None of the present budget examiners have been assigned on a permanent basis to

executive agencies for the purpose of performing comprehensive budget reviews. The present emphasis is on execution of the governor's budget rather than the more important functions of the planning and analysis. As a result, most state agencies have never been subjected to a rigorous and intensive review of their programs and performance by an outside agency.

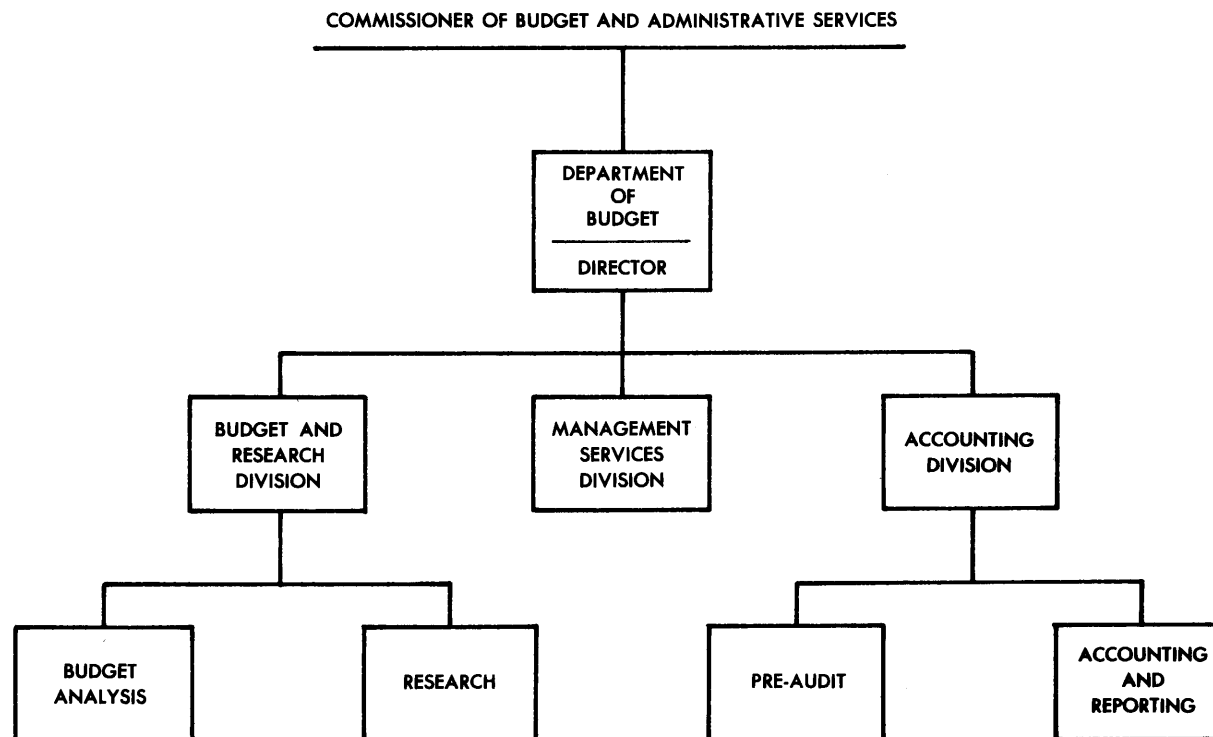
The recommended budget and research division should be directed to work closely with agency heads in the preparation of their budgets, critically analyze budget requests, measure agency performance, and develop allotment programs. Once work programs have been established and the allotment schedule established, certification of available funds and other pre-audit functions should be assigned to the accounting division.

Budget analysts should be assigned on a full-time basis to the following service or staff areas: highways, higher education, public instruction, natural resources, public safety, health and welfare, labor and commerce, and budget and administration. Other budget analysts should be assigned, as needed, to review the balance of state functions. Analysts should have qualifications which reflect experience and training in the specific program areas to which they are assigned.

A significant need also exists to centralize and up-grade the state's fiscal planning activities and to conduct continuing research in this area. The budget and research division, therefore, should also be responsible for working with the office of the commissioner of revenue in developing short-term and long-range estimates of revenues, including grants-in-aid; adjusting these estimates in light of actual revenue experience; assisting the director of planning in projecting agency expenditure trends; analyzing the impact and yield of various fiscal policies and revenues; recommending revision of such policies or revenue sources; and reviewing other fiscal matters. The value of such research should not be underestimated. For example, as revenue projections become more accurate and sophisticated, known expenditure patterns can be programmed against anticipated revenues and, thus, provide useful data on potential cash investment opportunities.

Development of an overall fiscal plan and a sound budget process is essential if the state government intends to exercise rational control over its fiscal growth, identify

**EXHIBIT IV  
STATE OF UTAH  
DEPARTMENT OF BUDGET  
PROPOSED PLAN OF ORGANIZATION**



and correct potential financial problems, and manage its financial resources in an effective manner.

3.2 Assign Responsibility to the Department of Budget for Review of Proposed Fiscal Programs of All State Agencies and Their Incorporation into the Governor's Budget

Under the existing budgetary system, responsibility for reviewing the operating and capital budgets of state agencies and recommending proposed expenditure patterns is divided among the budget office, the coordinating council for higher education, and the building board. The proposed spending programs of certain other agencies, such as the insurance fund, oil and gas conservation commission, banking department, retirement board, and motor vehicle dealer's administration division, are provided for, in part, by statute and, therefore, excluded from initial budget office review, inclusion in the governor's budget, and legislative scrutiny.

Currently, the coordinating council for higher education is responsible for reviewing college and university budget requests and recommending appropriations. The budget office does not now participate in the higher education budget process. If the needs of higher education are to be placed in perspective with other state programs, budgeting for state colleges and universities should not be conducted separately. It is recommended, therefore, that budget analysts work closely with the proposed board of higher education and educational institutions in reviewing their financial requirements. Participation by the department of budget in educational budgeting should result in a much better approach to overall state financial planning.

The building board prepares a comprehensive ten year building plan for submission to the governor and legislature. There is no specific provision, however, for a consolidated review and analysis of total operating and capital requirements by a single state agency. As a result, the governor and legislature receive two separate budget documents although both budgets seek to allocate the state's limited financial resources.

It is recommended, therefore, that the proposed

department of facilities management analyze and review capital improvement requests from state agencies, establish the priorities for construction, and make recommendations on building projects. The capital improvements budget then should be submitted to the department of budget for general review and consolidation into a single budget document. Such a review is necessary since the construction of capital improvements projects will eventually require substantial outlays for maintenance and other operating expenses. Since building programs directly affect operating budgets, the state's overall expenditures should receive central review, analysis, and executive approval.

The commissioner of budget and administrative services, as the state's chief budget officer, should be assigned the authority to question, ask for justification, and recommend alteration of proposed building projects and priorities. Although the building plan developed by the department of facilities management probably would not be changed appreciably by the commissioner, he should be required to subject the plan to searching analysis by the department of budget. Final approval of a comprehensive executive budget prior to transmittal to the legislature, would rest with the governor.

One last budgetary problem remains. This Commission strongly urges that the legislature eliminate statutory provisions which spell out how specified agency programs shall be financed. In the 1966-67 budget, for example, the following functions were excluded from legislative budgetary review because of statutory provisions or formulas:

Armory construction	Boating regulation
Engineering and land	Oil and gas regulation
surveyor regulation	administration
Contractor regulation	Driver education
Real estate regulation	School building inspection
Banking regulation	Aeronautics
Motor vehicle dealer	Insurance fund administration
licensing	Retirement administration

In addition, substantial tax revenues have been earmarked for a variety of service and program areas.

These practices severely restrict financial planning and control and limit executive and legislative prerogatives in financial management:

- . The policy-making authority of the governor and ultimately, the legislature, is restricted since some state activities are removed from comprehensive review and control.
- . The revenue structure of the state becomes somewhat inflexible, with the consequence that the legislature can experience difficulty in adjusting state services to changing economic, political, or social conditions.
- . Some functions or programs may be given an excess of revenues while others may be under-supported.

Since the monies available for state government are limited all programs provided by the state should compete on an equal basis for available dollars. No agency should be guaranteed by law a fixed subsidy without being subjected to rigorous review. The budget document presented to the legislature should accurately present the total financial plan of the state.

### 3.3 Start a Staff Development Program for Budget and Administrative Personnel

The present budget division and other fiscal and administrative units, like most state agencies, have not started a staff development program designed to expose budget examiners and other personnel to new techniques of analysis and expand their knowledge across state government. Formal training programs, round table discussions, staff meetings, and seminars should be developed. Use also should be made of budget and management "interns" and "trainees" from universities and colleges on either a part-time or full-time basis. Development of an "intern" program can stimulate interest in career opportunities in state government and provide a useful source of trained personnel.

### 3.4 Strengthen Agency Budget Offices

Since development of a meaningful budget depends upon the quality of budgeting at the agency level, the following steps should be taken to strengthen agency budget offices:

- . Responsibility within the agency for budget preparation and execution should be clearly defined.
- . Division heads, bureau chiefs, and section supervisors should participate actively in the preparation of budgets for their areas of responsibility.
- . Frequent and personal contacts should be made between the central budget office and agency budget offices. Budget analysts should assist in the preparation of agency requests.
- . Agencies should be requested to prepare initial budget requests on the basis of program needs and priorities instead of within rigid financial restrictions. Budget requests from agencies should outline projected costs and estimated accomplishments, operating plans, personnel trends and forecasts, and measures of performance.

An effective budget process depends on careful and comprehensive planning within agencies and penetrating and continual analysis from the central budget agency. No effort should be spared to cultivate high budgetary standards at each organizational level.

### 3.5 Conduct Budget Hearings as Regular Part of Review Process

The use of formal budget hearings have not been sufficiently exploited in state budgeting. Formalized meetings of this type are an integral part of the review process and their value cannot be over emphasized. Hearings held on agency budget requests bring together the main participants in executive budgeting - agency officials, budget staff members,



and the governor. They make possible high-level discussions of program policy problems and permit agencies to appeal recommendations made by budget analysts and the director of budget.

### 3.6 Heighten the Legislative Council's Budgetary Role

The complex and increased workload facing the legislature requires a strengthened analyst staff for the legislative council. Procedures should be established to provide the council with budget requests and supporting data, studies by the recommended management analysis division, and conclusions of budget analysts after review of agency performance. Legislative analysts should participate in budget hearings and briefing sessions.

Development of a strong legislative analysis staff will encourage the governor and his budget staff to exercise restraint in the preparation and implementation of the budget, assist the legislature in focusing upon major problem areas, and help to ensure the quality and integrity of budget data.

### 3.7 Develop and Extend Management Services Programs to All Agencies

A small, but specialized, management services staff with demonstrated competence in organizational planning, systems, procedures, and personnel utilization should be organized. The management services division should be designed to function as an "in-house" consulting staff and should conduct administrative and organizational surveys in all state service areas at the direction of the governor, or upon the request of agency heads, subject to gubernatorial approval. Major responsibilities would include:

- . Evaluation of agency goals and administrative policies.
- . Analysis of state programs in the light of legislative authorizations and intent.
- . Review of organizational structure and relationships.
- . Evaluation of methods, procedures, and personnel utilization.

- . Identification of cost reduction and revenue improvement opportunities.
- . Development and review of adequate measures of agency performance.

All work should be geared to produce practical and objective recommendations for improvement. This division should assume responsibility for giving continuing attention to organizational problems and for assisting in the implementation of proposed organizational and operational changes.

Development of an effective management services division will require recruitment of experienced staff and expenditures of additional funds. However, a trained management services unit should quickly pay for itself many times over in lowered costs and better operations.

### 3.8 Assign the Accounting Division Responsibility for Supervising All State Accounting

The accounting function should be a major division of the department of budget inasmuch as this activity has important budget control responsibilities, including the encumbrance of funds, pre-audit, and preparation of financial reports. Assignment of this critical function to the department of budget will also support the programs of the management services division by providing technical assistance in devising and installing adequate accounting systems procedures, and forms for all state agencies.

It is recommended, further, that two sections be created within the accounting division: (1) pre-audit; and (2) accounting and reporting. The present assistant chief accountant should be placed in charge of one of these sections. In regard to duties, the pre-audit section would be responsible for pre-auditing claims, administration of allotment schedules, processing payrolls and vouchers, and issuing warrants. The accounting and reporting section would be responsible for recording receipts and disbursements made by state agencies, maintaining control accounts of all funds, and preparing budget and financial reports on a timely basis.

The department of budget and its accounting division should also be authorized to decide whether educational institutions and any other state agency currently outside the control of the existing department of finance should have centralized or decentralized accounting responsibilities. The present accounting system should be thoroughly reviewed to provide for centralized reporting and control by decentralization of accounting procedures wherever desirable. Accounting policy and pre-audit controls should be established and implemented. The present chart of accounts should be revised in order to insure compatibility with a reoriented budget process.

4. ORGANIZE A DEPARTMENT OF GENERAL SERVICES  
AND ASSIGN "HOUSEKEEPING" FUNCTIONS TO THIS  
AGENCY

A definite need exists in state government for accelerated development and consolidation of "housekeeping" services. Although significant steps have been taken in such areas as purchasing, mailing, motor pool, surplus property, and data processing, further improvements are needed if the state is to benefit from cost reduction opportunities through consolidation of activities. Grouping together in a meaningful fashion those "housekeeping" functions common to many agencies should result in improvements in the quality of service and elimination of existing duplications of staff, effort, and equipment. This Commission recommends, therefore, that a department of general services be established, organized into six divisions, and assigned the following functions:

- . Purchasing
- . Transportation services
- . Office services
- . Archival and records management
- . Data processing
- . Insurance fund

This department should operate as a major staff agency under the commissioner of budget and administrative services and be authorized to continually review other "housekeeping" activities

adaptable to consolidation and recommend further economies and improvements. The proposed plan of organization for this department is set forth in Exhibit V.

Major recommendations for the six divisions into which the department should be organized are set forth as follows:

4. 1 Assign Purchasing Division Supervisory Responsibility for State Government Purchasing

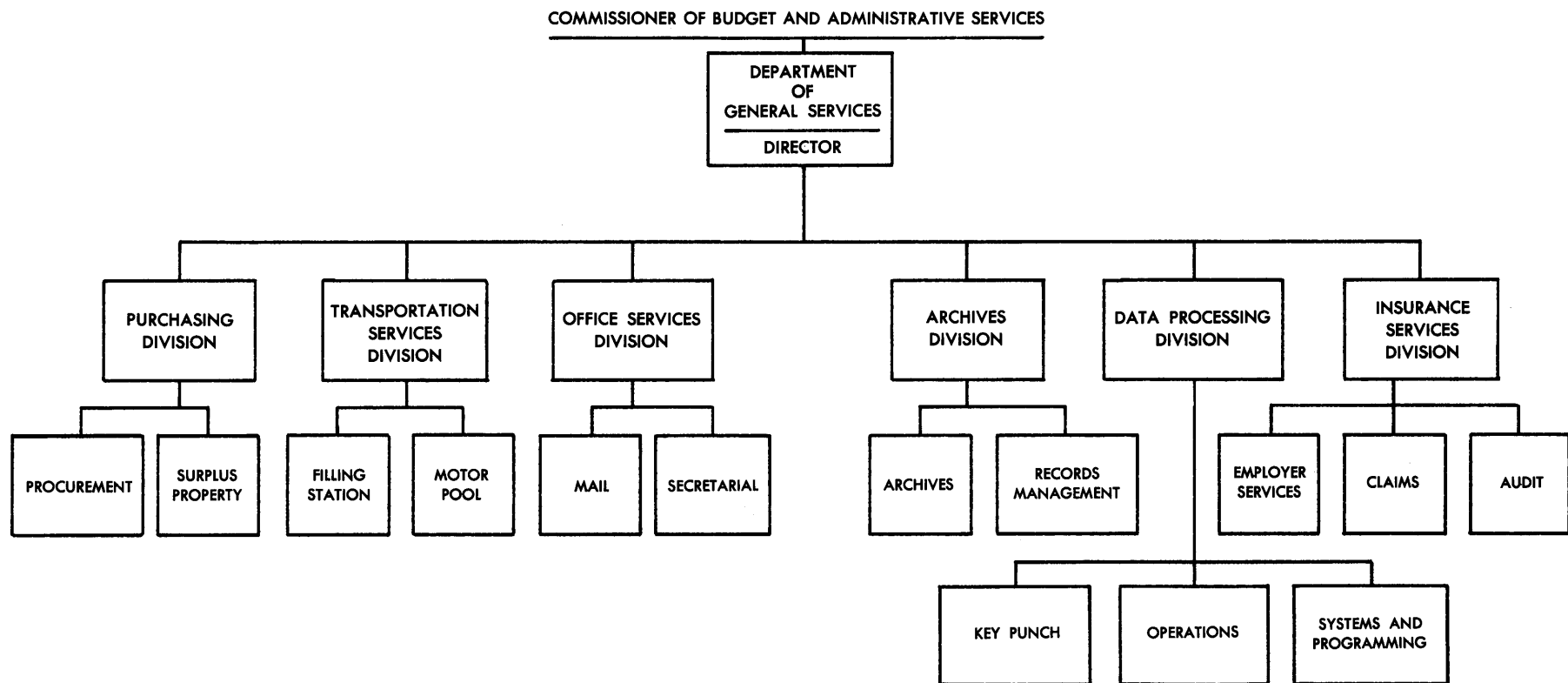
Existing law places general purchasing responsibility with the purchasing division in the department of finance. Exceptions are state colleges and universities and the liquor control commission. Upon request, the purchasing office can also purchase supplies and equipment for state political subdivisions.

Under the proposed plan of organization, activities of the purchasing division would be placed in the department of general services.

There can be little justification for separating purchasing for colleges and universities from the state's centralized purchasing program except for, perhaps, , purchase of books and special research equipment. Existing separation has prevented development of uniform state-wide purchasing policies, practices, and procedures. Moreover, considerable duplication of work and personnel has occurred. To remedy this situation and attain the economies which can result from a first-class centralized purchasing program, this Commission recommends that the purchasing division be authorized to:

- . Develop uniform purchasing policies, practices and procedures for all state agencies, including colleges and universities.
- . Direct departments and educational institutions to participate in annual price contracts and volume purchases negotiated by the purchasing division.
- . Establish specifications for commodities common to all institutions of higher learning and other agencies or institutions.

EXHIBIT V  
STATE OF UTAH  
DEPARTMENT OF GENERAL SERVICES  
PROPOSED PLAN OF ORGANIZATION



Implementation of this recommendation should result in substantial savings for the state.

4.2 Discontinue the Purchasing Standardization Committee

State law has created an ex-officio purchasing standardization committee composed of the secretary of state, auditor, treasurer, superintendent of public instruction, and eight major agency heads. To it has been assigned the task of developing and approving the state's purchasing policies and adopting standards of quality and quantity for commodity purchases.

In practice, however, this committee seldom meets. Its size and composition prevent it from developing detailed standards and specifications. It is recommended, therefore, that this committee be discontinued and that purchasing policies and commodity specifications be developed by the purchasing agent after careful consultation with agency heads. Final approval should rest with the commissioner of budget and administrative services.

4.3 Combine Federal and State Surplus Property Programs Into a Single Surplus Property Section Within the Purchasing Division

Presently, state surplus property management is a responsibility of the purchasing division. A self-financing program to dispose of federal surplus property also exists and is administered by the director of sales and services in the department of finance. To obtain close coordination of these two activities, they should be placed in a single section in the purchasing division. Consolidation of both programs will provide more efficient utilization of personnel and a common location for the display and disposition of all surplus property. Appropriate cost records should continue to be maintained for each program to satisfy federal requirements.

4.4 Rapidly Expand Standardization of High-Cost Items and Use of Yearly Price Agreements

This Commission recognizes the economies which already have been achieved through standardization of

certain commodities and use of annual price agreements; and that the purchasing division has committed itself to continuing this course of action. However, these facets of purchasing should be expanded as rapidly as possible, especially for high cost items, such as office equipment, furnishings, and passenger-type vehicles. Standardization of commodities and maximum use of annual price contracts accomplishes: a lower unit price because of volume purchasing; relief of time-consuming paper work; elimination of the necessity for the vendor to prepare the state's standard invoice voucher; and puts the state in an advantageous position to receive time-period discounts.

4.5 Require Departments and Agencies to Submit Advance Estimates of Commodity Needs

All state agencies should be directed to submit to the purchasing division yearly estimates of supply and equipment needs and approximate dates of delivery. Advance planning and scheduling of purchases will provide valuable data as to which items lend themselves to quantity purchasing and will identify the most advantageous time to place orders.

4.6 Establish a Transportation Service Division Responsible for Management of State's Passenger Car Fleet

Professional management of the state's 1,500 passenger-type vehicles is of sufficient importance to warrant divisional status in the department of general services. Activities presently performed by the motor pool and service station should be assigned to this division, as well as overall supervision over the use, maintenance, and replacement of all other passenger-type cars in state government.

This Commission's special report on automotive fleet management, included in Appendix D of this report, concluded that authority and responsibility for operation and maintenance of passenger cars were widely scattered and, therefore, in need of centralized administration. Therefore, managerial responsibility for this function should be assigned to the proposed transportation services division.

4.7 Create an Office Services Division Which Includes Mailing, Communications, Clerical, Travel, and Duplicating Services

Except for mailing, central office services have not been developed for agencies in the capitol buildings. Agencies themselves provide required clerical, travel, and duplicating services. No attention has been paid to the advisability of pooling resources and consolidating some of these functions. This Commission urges, therefore, that the state move toward improved and less costly office services by organizing an office services division to provide the following services to agencies on the capitol campus:

(1) Mail and Messenger Services

Present activities of the mail room should be placed in the office services division. This service should be expanded to include delivery of incoming mail and pickup and delivery of interoffice mail in addition to pickup and processing of outgoing mail. Delivery of supplies drawn from central office stores also should be handled by this staff. Postage costs for agencies in the capitol buildings approximate \$150,000 annually. To provide for maximum control over mailing costs and provide economical mailing practices, this Commission recommends that the following steps be promptly taken:

- . Control over mailing in each agency should be centralized and responsibility for mail services should be assigned to a specific position.
- . A handbook of economical mailing practices should be developed and distributed.
- . Periodic briefing sessions should be held by mail service personnel to inform agencies of deficiencies in their mail handling procedures.
- . The mail service supervisor should be assigned final authority for determining how and at what rates mail shall be sent.

Unfortunately, few agencies seem to be aware of or even interested in the costs of poor mailing practices. These



problems can be solved and costs can be reduced, however, if the recommendations in this report are promptly implemented.

## (2) Communications Services

Overall responsibility for planning and developing, and supervising the state's communications system should be centralized in one agency. Specific duties of this organizational unit should be as follows:

- . Approve requests for communications services and equipment prior to installation, maintain appropriate cost records, and systematically analyze costs of communications.
- . Supervise staffing, training, and operation of capitol switchboard.
- . Establish uniform systems and procedures for interoffice communications.

Development of centralized management over communications is of paramount importance if expenditures (which now amount to \$1,500,000 yearly) are to be strictly controlled. Because this activity is wholly a "housekeeping" function, it should be assigned to the office services division. This Commission's reports on communication system improvements and cost reduction opportunities are set forth in appendixes A and B of this study.

## (3) Secretarial and Clerical Services

There is considerable variation in the quality and quantity of secretarial and clerical services available to agencies in the capitol buildings. Some agencies appear to have a surplus of secretarial and clerical help. Others appear to be understaffed. Several agencies make frequent use of part-time or seasonal secretaries and clerks. Since the work load varies within and between agencies, secretarial and clerical manpower is not always used effectively.

Therefore, an evaluation of present clerical staffing patterns and workloads should be conducted to determine which positions should be retained within departments and which can be economically pooled. Those positions which can be pooled should be assigned to the office services division for use by all agencies and function as a capitol

"Kelley Girl" service. All requests for part-time or seasonal clerical help should be directed to the office services division. Once a pool is established, the division should assume responsibility for developing uniform standards and procedures for secretarial and clerical tasks and initiate in-service training programs for general office personnel.

Large, complex organizations tend to accumulate too many secretaries and clerks. Utah government is no exception. Thus, consideration should be given to a detailed study of secretarial and clerical staffing requirements. On the basis of experience, a 10% to 20% reduction in force could be expected.

#### (4) Travel Services

The office services division, through its clerical pool personnel, should provide reservation services for transportation and travel accommodations needed by agencies in the capitol.

#### (5) Duplicating and Copying Services

Approximately 150 duplicating and copying machines have been acquired by agencies in the capitol area. Many have been evidently acquired without considering actual or potential patterns of use.

The office services division should be directed to inventory existing duplicating and copying equipment to determine present levels of utilization. Equipment with low levels of use should be identified and assigned to an office machine pool in the office services division. On the basis of use, unneeded equipment should be sold. To avoid an oversupply of expensive copying equipment, requests by agencies for duplicating and copying machines should be channeled to the office services unit for approval.

Development of an office services division should not only promote effective use of office personnel and equipment, but a more business-like approach to management of office-type services.

#### 4.8 Centralize the State's Data Processing Effort in the Data Processing Division

This Commission's special report on data processing, included in appendix C, pointed to the need for strengthened organization and control over data processing activities. As a result of this report, improvements already have been achieved because of effective efforts of the director of finance and the data processing coordinating council. To continue moving forward in this area and to provide a logical organizational setting for data processing, it is recommended that administration of all data processing activities be consolidated in a data processing division in the department of general services.

This organizational unit should not only operate an information processing and computing center, but evaluate and approve, after consultation with the budget director, purchase or lease of data processing equipment requested by state agencies. Other responsibilities should include continued study of areas to which data processing can be applied and review of existing arrangements for the purpose of consolidating or discontinuing data processing programs where justified. Consolidation of data processing activities in one division should eliminate excess equipment, provide for more efficient use of personnel, permit expansion of data processing to small agencies which cannot afford their own installation, and increase the quality of work performed.

Although this recommendation provides an organizational framework for orderly development of data processing activities, the state has a long road ahead before it can achieve an effective state-wide data processing function. For example (1) all state systems and procedures should be analyzed in the light of potential data processing applications; (2) information requirements should be identified and analyzed; (3) management reporting needs, at each level of management, should be determined; (4) the economic feasibility of equipment purchase (potential cost reductions) should be pinpointed; and (5) detailed equipment specifications should be developed to assure that the state is getting the equipment it needs for the price it can pay. In order to avoid past mistakes and costly potential errors, it is recommended that state

government move slowly, continuously, and effectively into the exploding world of data processing. Extensive study is required to assure success, reduced costs, and better services.

4.9 Transfer Responsibility for Archival and Records Management from Historical Society to Department of General Services

Collecting and preserving public records of administrative, legal, or historic value, establishing central microfilming services, and administering a records management program presently are functions of the archives division in the historical society. In addition, the archivist has been authorized to approve purchases of filing and microfilming equipment and has a forms control responsibility.

A comprehensive and professional records management program can produce significant and continuing savings for the state if properly conceived and administered. To date the importance of this function has not been recognized organizationally. In fact, placement of archival and records management functions within the historical society has obscured it from executive and legislative attention and diluted its effectiveness in dealing with state agencies.

Considering the long-range importance of effective records management, the savings which can be effected in this area, and its direct relationship to other "housekeeping" services, this Commission recommends that archival and records management activities be transferred from the historical society and assigned to the proposed department of general services.

4.10 Reassess the Scope of Archival and Records Management With a View Toward Expansion

Budgetary restrictions on archival and records management functions have resulted in an inadequate records program. Although the state has fortunately employed several trained and highly experienced personnel in its archival division, financial restrictions have stifled efforts to achieve a records management program which can keep abreast with the increasing needs of the state in this area.

Likewise, lack of funds has prevented development of forms control and central microfilming programs. Such restrictions have been expensive in terms of the cost reduction opportunities which have been missed.

The scope of records management should be carefully assessed with a view toward expanding the present range of services, including:

- . Increased staffing of the records center so that its activities can be enlarged.
- . Development of central microfilming and processing services for all state agencies.
- . Establishment of a comprehensive forms control and forms analysis program.
- . Development of a reports control and reports analysis program.

Plans should also be developed for a more suitable archives and records facility to replace the dispersed and generally inadequate spaces being used in Kearn's mansion and the sub-basement of the capitol.

This is another example of the state's past reluctance to spend money in order to achieve greater long-range savings. The purpose of records management is to move records out of operating agencies in order to conserve space, reduce the need for filing cabinets, and keep the need for additional clerks to a realistic minimum. Today, however, the state has a serious space problem, hundreds of file cabinets are purchased each year, and clerical costs increase steadily.

#### 4. 11 Add Director of State Historical Society to Records Committee

The state records committee is presently composed of the attorney general, auditor, archivist, and the custodian of the records concerned. Before any public records can be destroyed, each member must give his approval. This organizational device provides a check against destruction of public records which have administrative, legal, fiscal, or historical value.

In order to provide adequate representation of the historical point of view in this important matter, it is recommended that the director of the historical society be added to this committee.

4. 12 Assign Responsibility for Administration of Insurance Fund to Department of General Services

The state insurance fund was created in 1917 to provide employers another alternative in purchasing workmen's compensation insurance. Nearly 10,000 employers are now insured by the state---and the fund writes approximately 60% of the workmen's compensation insurance issued in the state.

Because of the service nature of this agency and its close relationship to financial management, it is recommended that this function be assigned to the department of general services. Further recommendations concerning this agency are:

- . Organize this division into three bureaus: employer services, claims, and auditing.
- . Transfer functions of the IBM and statistical section to the proposed data processing division.
- . Assign responsibility for investing the fund's assets of \$14,000,000 to the treasurer.
- . Transfer functions of the safety engineer to the industrial safety division in the proposed department of labor.

Steps also should be taken to expand the fund's auditing program since additional premiums invoiced have exceeded the costs of such audits. In fiscal year 1963-64, for example, net premium pickup amounted to \$85,000 because of the auditing program.

5. DISCONTINUE PART-TIME BUILDING BOARD AND ESTABLISH A DEPARTMENT OF FACILITIES MANAGEMENT

Development and implementation of the state's ten year building program has been placed under the policy supervision

of a part-time building board composed of five lay citizens. This board has been charged with the task of overseeing the preparation of a ten year building plan and supervision of the construction, alteration, and repair of buildings. Administrative responsibility for these activities has been delegated to a full-time director, appointed by the board with approval of the governor.

Under this organizational arrangement, there is no way to insure that the capital improvement budget prepared by the board will truly reflect the governor's goals, fiscal thinking, or judgment. In addition, there is no way to guarantee that the ten year building plan will be compared and coordinated with the governor's operating budget or projected expenditure patterns. An additional, plural headed management unit has been inserted between the state's chief executive and the board's professional staff.

Since board members are appointed for staggered six year terms, may be removed only for "cause", and report directly to the legislature, they can be somewhat independent in their proposals and actions. As a result, the governor's authority over management of the state's long-range building plan can be restricted. The present board, however, has taken steps to coordinate their efforts with the governor's building objectives and a free flow of communications exists. Moreover, unlike many boards in state government, the building board has focused its attention on establishing basic policies, leaving administrative direction and detail to the director and his staff.

However, in terms of overall managerial effectiveness and a coordinated approach between capital and operating budgets, centering with the governor, the continued existence of a part-time board with extensive authority over establishment of a long-range building program has drawbacks. Programming, planning and supervision of building projects requires professional knowledge in such areas as engineering, architecture, planning, and finance. Executive judgment and decision as to how the state should spend its capital funds and where the broad priority emphasis should be placed clearly should be the responsibility of the governor. Final approval of the capital program properly rests with the legislature. The use of lay boards have their place in government, but not in the capital budget process or in supervision of building programs.

This Commission recommends, therefore, that the part-time

building board be discontinued and the board's present responsibilities be assigned to a department of facilities management, as set forth in Exhibit VI, under the overall direction of the commissioner of budget and administrative services. Initial development of the capital budget should remain a responsibility of the recommended department of facilities management. However, direct presentation of this plan to the legislature should be discontinued. The building program, after initial formulation, should be forwarded to the department of budget for review, analysis, and comparison with the operating budget, and ultimately sent to the governor as a consolidated operating and capital budget. The state's long-range building program should reflect the judgment of the governor and his financial staff and the future impact of capital expenditures on operating costs.

5.1 Include Proposed Building Plans for All State Agencies in Ten-Year Building Plan (Facilities Management Department)

Several agencies currently are exempt from the building board's programming process and, instead, apply directly to the legislature for funds. Such agencies include the road commission, fish and game commission, parks and recreation commission, and the liquor control commission. While capital funds for such agencies are generally earmarked, a sound approach to capital budgeting requires central review and analysis.

Extension of central facility planning and programming to include all state agencies, with the exception of highway construction, is a necessary step to insure that long-range planning is conducted for all state building programs. Consolidation of these plans in the state's ten-year building budget will, for the first time, provide the legislature, as well as the governor, with a complete picture of the state's total capital improvement needs. The availability of a comprehensive plan will give the legislature the data it requires for rationally deciding how to best meet total state needs.



5.2 Transfer Management of Capitol Buildings from  
Secretary of State to Department of Facilities  
Management

Utah's state capitol and campus are attractions of major proportions both to tourists and the citizenry. Imaginative development and experienced management of the capitol campus and its facilities requires professional planning and supervision by experienced personnel familiar with all facets of the building trades.

It is recommended, therefore, that responsibility for administration of the capitol campus, including janitorial and maintenance services, elevator operation, upkeep of grounds, security, and assignment of space, be transferred from the secretary of state and assigned to the department of facilities management. The department should work closely with the state's tourism group to assure an attractive, compelling facility that presents the Utah image in an accurate fashion.

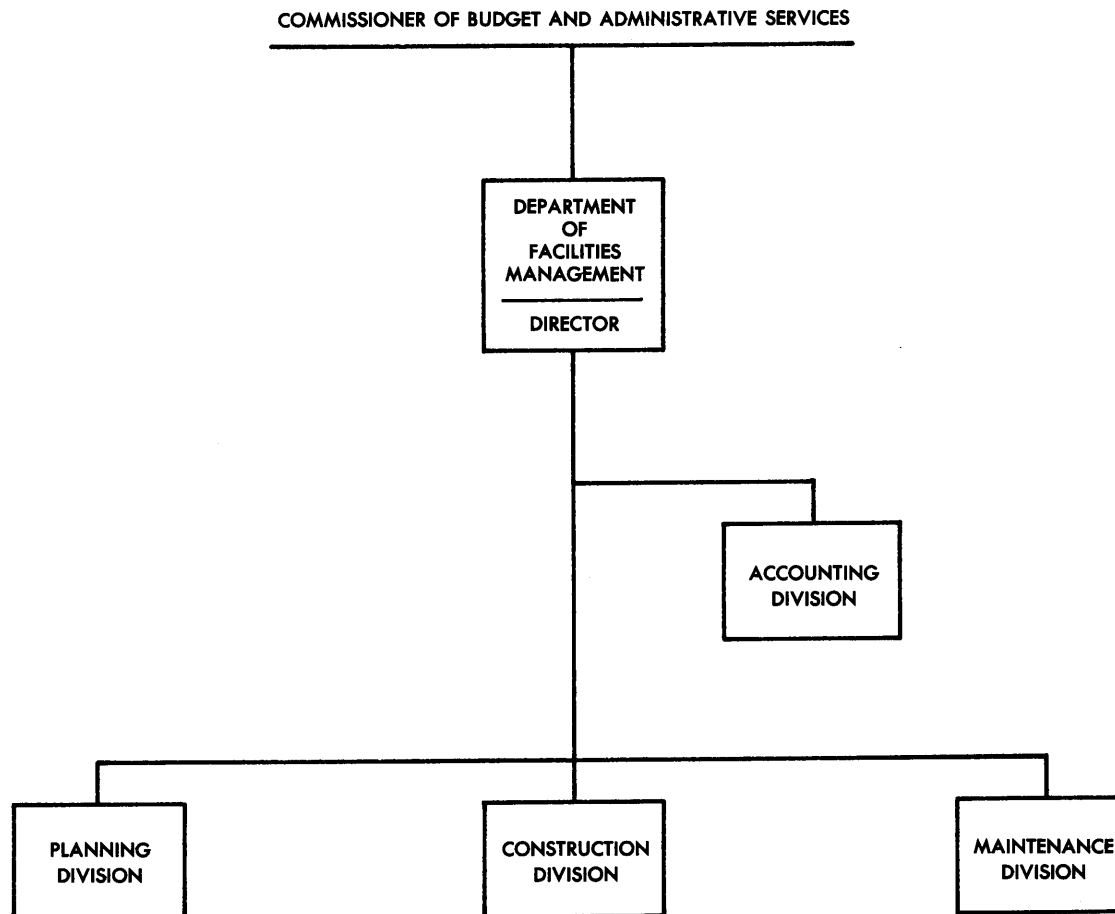
In addition, the department should be authorized to establish general maintenance standards for all state buildings and institutions and furnish technical advice to agencies with respect to facility management and maintenance operations.

5.3 Authorize the Department of Facilities Management  
to Approve Leases for Space

Almost twenty state agencies lease office and storage space off the capitol campus in Salt Lake City. Annual rental for leased space exceeds \$300,000. Leases generally are negotiated by individual agencies without the benefit of analytical space utilization studies.

It is recommended, therefore, that authority for approving agency leases be assigned to the department of facilities management; and that professional space utilization studies precede all lease approvals. The technical knowledge and experience of a qualified planning staff will enable the department to determine actual need, suitability, and value of leased quarters more adequately than can individual agencies. Centralized responsibility for lease approvals will encourage sound, orderly, and economical planning

**EXHIBIT VI**  
**STATE OF UTAH**  
**DEPARTMENT OF FACILITIES MANAGEMENT**  
**PROPOSED PLAN OF ORGANIZATION**



of office and storage space expansion. Final approval of leases from a fund availability standpoint should rest with the department of budget.

Because of the critical importance of personnel administration to the overall effectiveness of state government, this subject has been treated in depth in chapter IV of this report. Administratively, however, the proposed department of personnel services should be subject to the general supervision of the commissioner of budget and administrative services.

### BENEFITS TO UTAH

Taxpayers, legislators, and state officials, alike, have and will continue to voice concern over the mushrooming costs of state government. Although significant short-term savings can be achieved as a result of installation of recommendations in this report, future governmental expenditures can be expected to skyrocket in an unplanned manner unless the governor and his staff are provided an organizational structure which promotes, rather than impedes sound fiscal management.

This Commission submits that the scope and quality of financial management, so urgently needed, can never be achieved within the archaic and complex pattern of organization which presently exists. Comprehensive fiscal planning, prompt and decisive action, centralized control, and continual performance review are stifled by an organizational maze resplendent with elected officials, part-time lay boards, full-time administrative commissions, and relatively independent state institutions.

However, adoption of the recommendations offered in this report will set the stage for effective administration. Reorganization will pave the way for considerable cost reductions resulting from centralized supervision, professional budgeting, and improved staff and housekeeping services. More importantly, these changes will permit the governor, key administrators and departmental personnel to manage the state's programs and services rather than allowing these activities to control the managers.

#### IV. PERSONNEL SERVICES

Essential to the success of state government is the competence, dedication, and imagination of its human resources. Regardless of how well an organizational structure is planned, administrative effectiveness will quickly falter under weak supervision, poorly trained employees, inadequate incentives, and low morale. These shortcomings are extremely costly in terms of wasted human effort and high cost operations. Therefore, proper organization and management of the state's personnel programs are of utmost importance.

For the past few years, legislators, public officials, and others have spearheaded various measures to upgrade personnel administration in Utah's state government. Last spring, these efforts resulted, generally speaking, in the enactment of a progressive and well-designed merit system law. Major features of this law are:

- . Managerial responsibility for dynamic and responsive state personnel programs has been placed with the governor, including authority to select a director of personnel and approve all rules and pay plans.
- . The governor has been given considerable freedom in exempting positions from merit system coverage.
- . Responsibility for final authority over employee appeals and preservation of merit standards are assigned to a five man, bi-partisan merit system council, appointed for staggered four year terms.
- . Employees are permitted to engage in selected kinds of political activity.
- . Division of responsibilities between line agencies and the state personnel office are clearly defined.
- . In appeals resulting from charges of inefficiency, the burden of proof rests upon the employee.

- . Pay plans are to be designed to achieve comparability of state salaries to salaries paid by private enterprise for similar work.
- . Suggestion and incentive award programs have been authorized.

The legal basis for development of a state-wide merit system does embrace many of the latest principles of modern public personnel administration. Therefore, the state should be commended for its first comprehensive effort in this area.

At present, merit system coverage does not extend to all state employees. Specific offices, agencies, and institutions have been exempted either by law or by ruling of the present attorney general, and certain positions, by administrative regulation. Present coverage patterns for full-time personnel are tabulated as follows:

<u>Coverage</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
General government:		
Merit system	5,400	84%
Exempt personnel		
Statutory	200	3%
Administrative regulation	<u>800</u>	<u>13%</u>
	6,400	100%
Colleges and universities:		
Statutory exemption	<u>4,300</u>	<u>-</u>
Totals	10,700	-

Although approximately 1,000 full-time and 1,000 part-time and seasonal employees are presently uncovered (excluding professional and administrative staffs at educational institutions), there has not been wide-spread use of patronage appointments to date.

The state personnel office, a division in the department of finance, administers the newly established merit and non-merit

programs as well as the highway patrol civil service system. Retirement programs fall under the jurisdiction of the state retirement board. The present plan of organization for personnel services in Utah is set forth in Exhibit VII.

## CONCLUSIONS

Passage of the new merit system law has generally placed personnel administration in Utah on sound statutory footing. However, the administrative organization, policies, and procedures needed to successfully implement an effective, high quality personnel program have not been adequately developed. This Commission has carefully analyzed the overall organization and management of personnel programs in state government in order to clearly identify the basic deficiencies of the present system, as follows:

- The Importance of Personnel Administration and Its Close Relationship to Executive Management are Not Fully Recognized Organizationally

Although the director of personnel is appointed by the governor, his activities and staff have been placed under the general supervision of the director of finance who, in turn, is authorized to appoint and remove the merit system director, appoint staff members to the merit system office, and approve salary changes. Also, the board of examiners is heavily involved in personnel administration through its authority to approve new positions, appointments and salary changes in jobs paying more than \$525 per month. Therefore, in effect, the state personnel office and its crucial programs are organizationally twice removed from the governor.

While the merger of fiscal and personnel services in a single department is not without precedent, such an organizational arrangement in Utah serves only to submerge personnel management in a fiscal oriented agency. The personnel division is forced to compete with accounting, purchasing, and other service divisions for management attention and resources.

In view of the relative infancy of Utah's new merit system, the clear need for vigorous personnel emphasis, the critical importance of effective personnel management to the success

of state government, and the close attention required by the governor, this Commission concludes that the existing present organizational pattern can be improved.

- Existence of Two Different Merit Systems is Unnecessary and Prevents Uniform Personnel Policies

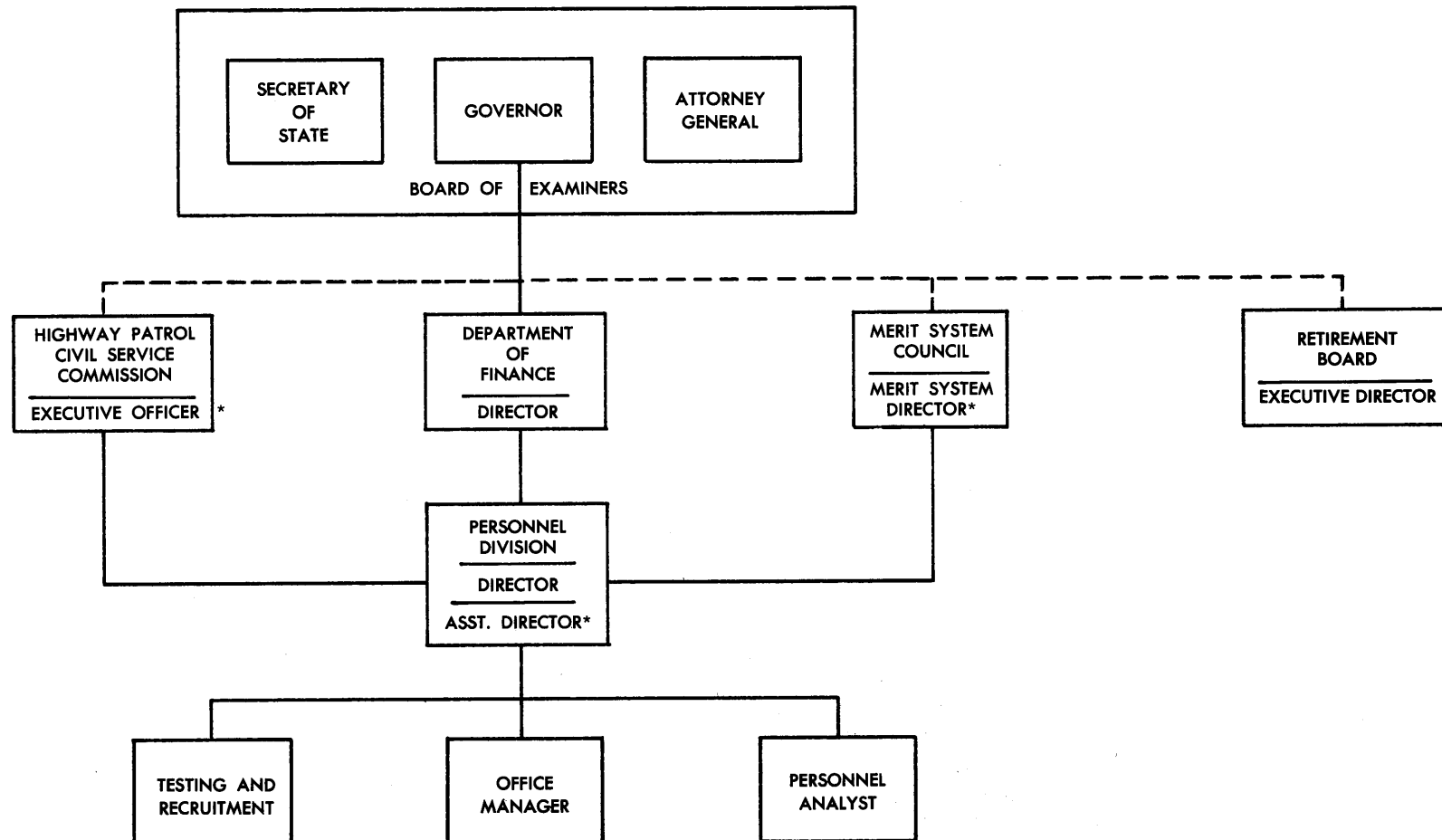
Two merit systems exist in Utah state government: (1) the current merit system established during the last legislative session and; (2) the highway patrol civil service system created in 1945. Administrative and appellate authority for the highway patrol civil service system is assigned to a three man commission appointed by the governor, as contrasted with the state's merit system, where management authority rests with the governor and appeal responsibility with a five man merit system council. For ease of administration, the two systems have been combined. This has been possible because the merit system director serves also as chief executive officer for the highway patrol civil service commission.

Uniform policies for and treatment of all state employees cannot be achieved under this dual merit system structure. The highway patrol civil service system differs from the newly established merit system in several significant instances:

- . The highway patrol civil service is governed by a semi-independent administrative commission authorized to establish and change specifications for all classes of positions, make rules and regulations, and appoint its own personnel.
- . Promotions are based upon a competitive examination process where seniority receives considerable weight.
- . Probationers may appeal terminations of employment to the highway patrol civil service commission.
- . Appeals from Commission decisions can be taken to the courts.

Personnel covered by this program number less than 300 employees and include: uniformed members of the highway

EXHIBIT VII  
STATE OF UTAH  
PERSONNEL SERVICES  
PRESENT PLAN OF ORGANIZATION



\*Same person



patrol, several clerical personnel, and drivers license examiners.

Continuation of an independent highway patrol civil service is inconsistent with a major premise of the new merit law -- that managerial responsibility for the state's personnel programs should rest with the governor. The existence and operation of a part-time administrative civil service commission with rule-making authority restricts the ability of the governor to effectively manage the total state personnel program.

- The Scope and Quality of State Personnel Programs is Limited by the Small Central Personnel Office and Slowness of Many Agencies in Developing Active Personnel Programs

Currently the central personnel office is staffed by a director, assistant director (who also functions as merit system director and executive officer of the highway patrol civil service commission), a recruitment and test specialist, a personnel analyst, office manager, and eight clerical personnel.

Without question, the availability of only three trained personnel specialists to administer a state-wide personnel system for approximately 7,500 employees, excluding colleges and universities, severely limits the scope and quality of the state's personnel programs.

Throughout this Commission's investigations, it has been clear that some agencies have failed to grasp an understanding of what personnel management is, what the role of the central agency and each participating agency should be, and how to work as a part of a total and effective system. Improvements have been slow within some agencies because of unclear personnel policies, ineffective leadership and staff handling in personnel matters, and failure of agency heads to assume active responsibility for personnel management.

As a result, the following program areas have not received careful attention:

- . Comprehensive personnel policies to bridge the gap between the merit law and detailed rules and regulations have not been developed.

- .. The classification-wage plan has not been systematically updated.
- . Aggressive recruiting programs have not been developed.
- . Inter-agency promotional opportunities have not been communicated or encouraged.
- . Employee suggestion-incentive programs are non-existent.
- . Management development opportunities are lacking.
- . Manpower planning has not been started.

These factors have seriously impaired the overall effectiveness of the state's personnel programs.

- Exemption of Division Heads and Lower Level Positions Adversely Affects Employee Morale and Career Development

Approximately 200 positions were exempted from merit system coverage (by administrative regulation) on the grounds of involvement in final policy decisions, public advocacy of administration policy, confidential relationships, or substantial participation in public relations. An additional 600 positions were exempted on the grounds they required little or no specialized skill or training. Exemptions, under the first category, have been somewhat inconsistent since other positions in seemingly similar employment categories still are subject to merit provisions. In one agency, for example, the director and assistant director of one division have been exempted from merit coverage while the director of another major division has not.

Although there is no evidence that many employees have been fired after supervisory positions have been uncovered, experienced and qualified employees have indicated to this Commission that they would be reluctant to accept appointment to non-merit posts. Some employees either have sought other employment or remained in their posts with a frustrated attitude when career service promotions seemingly were placed out of reach.

In certain agencies, exemptions of lower level job classes have caused supervisory difficulties where apparently the loyalty of newly appointed personnel runs to someone other than their supervisor.

This Commission contends that significant improvements in overall personnel management in state government are within reach if concentrated and creative effort is placed against the evident problems. Although several organizational changes will be required, major improvements will depend upon development of more active, comprehensive, and professional personnel policies and programs than currently exist.

### RECOMMENDATIONS

This section of the report recommends organizational, policy, and selected procedural improvements designed to provide (1) a more effective and responsive level of personnel management in state government; and (2) a stronger merit system.

#### 1. ESTABLISH A DEPARTMENT OF PERSONNEL SERVICES AND PART-TIME MERIT COUNCIL BOARD

It goes without question that final responsibility for a dynamic and effective state career service rests with the governor. Therefore, his involvement in personnel administration must be active not passive.

Because of the governor's many other responsibilities, a professionally oriented and responsive staff organization is required to assist him in the management of state personnel programs. Due to the critical importance of the personnel function, this agency should be one of the major departments in state government. This Commission, therefore, recommends that a department of personnel services be created, and that its director report to the commissioner of budget and administrative services. The director of personnel services should be a highly qualified executive with substantial administrative experience.

The director of the department of personnel services should be appointed, upon recommendation of the commissioner of budget and administrative services, by the governor with senate confirmation and serve at the governor's discretion.

The director of personnel should fulfill his responsibility for developing and administering a program of positive personnel administration which will "...aid in the efficient execution of public policy, foster careers in public service for qualified employees, and render assistance to state agencies in performing their missions," as directed in the merit system law. Therefore, his duties should be so structured as to permit him to serve as the governor's top man in personnel matters as well as the active director of the department of personnel services. In the final analysis, the success or failure of state-wide personnel programs depends upon: (1) the imagination, aggressiveness, and skill of the director of personnel; (2) the authority of his office; and (3) the active support of the governor.

Since the merit system council functions primarily as an appellate, quasi-judicial body, it is recommended that it be renamed the "merit system board". Its five members should be appointed directly by the governor, one of whom should be a full-time state employee with permanent tenure under the merit system. All members should serve staggered four year terms.

The board should be required to meet on a scheduled basis to hear reports by the director, act on requests for allocation or reallocation of covered or exempt positions, hear appeals, and assist the director of personnel services in developing broad policies.

2. ORGANIZE THE DEPARTMENT OF PERSONNEL SERVICES INTO FOUR DIVISIONS TO EMPHASIZE MAJOR PROGRAMS AND SERVICES

The present plan of organization for the central personnel office is weak in several respects:

- . The organizational role of the assistant director of personnel is needlessly complex.
- . Responsibility for both examinations and recruitment has been placed with just one specialist.
- . Provision has not been made for centrally directed training.

- . No administrative relationship exists between the state's retirement programs and the activities of the central personnel office.

Currently, the director of personnel has direct administrative contact with other office personnel and all major service areas with assistance, as needed, from the assistant director. They both are carrying heavy workloads.

Improvement of the existing organizational arrangement can be achieved by providing four separate divisions to handle the principal aspects of personnel services, each of which should have the director's continuing and close attention. The proposed plan of organization for personnel management in Utah is set forth in Exhibit VIII.

- Recruitment Division

An aggressive, imaginative, and agency-wide recruitment program has not been developed by the central personnel office or by most state agencies. Although the personnel division has employed a capable and energetic recruiter, his responsibilities are divided between recruiting and the preparation and administration of examinations. Only a few agencies, namely the road commission, fish and game, and several of the grant-in-aid departments have made attempts to put into effect active and creative recruiting programs.

Most agencies appear to have little interest in increasing their recruitment effectiveness. In this period of competitive labor markets for professional and technically trained people, and especially in view of the poor image state government has for career employment, present recruitment programs fall far short of the effort needed.

To correct this problem, this Commission recommends that a separate recruitment division be established and that the following programs be emphasized.

- . Preparation of colorful and attractive notices of vacancies and a personnel booklet which outlines benefits of state employment and benefits of living and working in Utah.

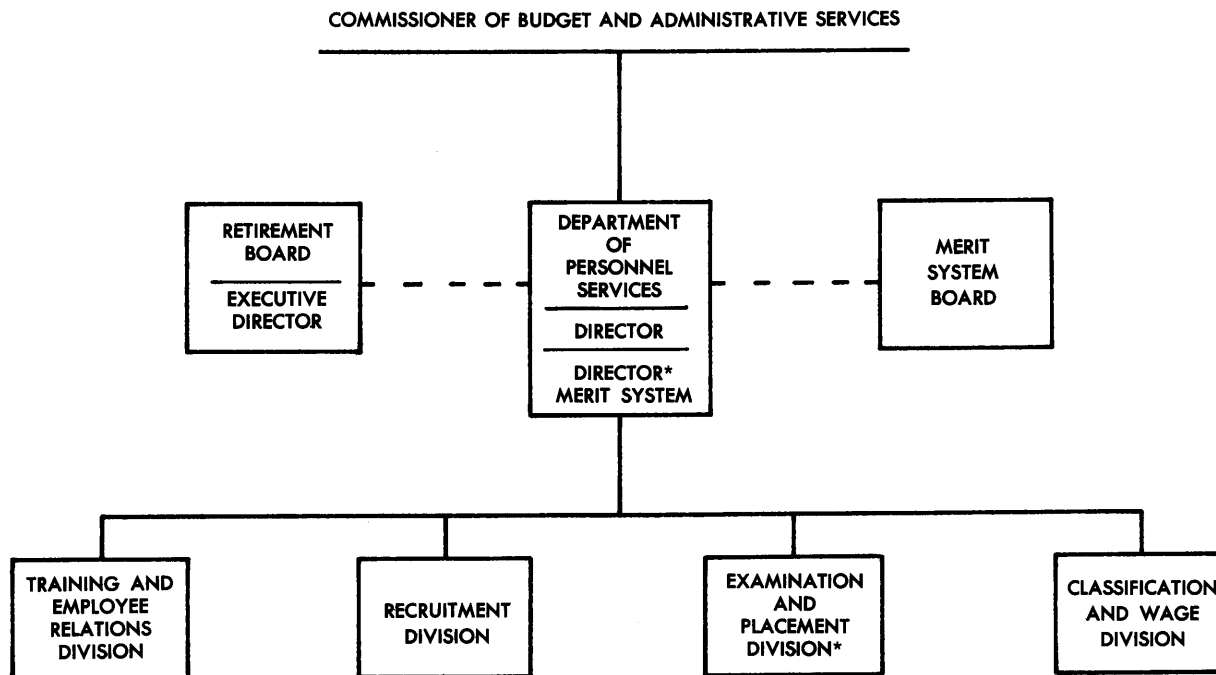
- . Wide distribution of such notices - to educational institutions, public and private employment services, and technical and professional societies and associations - inside and outside Utah.
- . Use of radio and television advertising, some of which can be obtained as a public service, and newspaper and magazine advertising.
- . Regular visits to selected colleges and universities within and outside the state.
- . Identification of and follow-up on promising technical and professional students, two or three years before graduation, to stimulate their thinking about possible careers with the state. This could be reflected in a program providing for seasonal employment opportunities during their courses of study in return for two years of guaranteed state service.
- . Development of resource people in colleges and private business for the purpose of steering promising candidates to state employment.

An aggressive state-wide recruiting program can significantly strengthen state administration by increasing competition for positions; developing a healthy internal motivation, including maximum promotional opportunities consistent with gubernatorial control of significant policy and administrative positions; getting new ideas into state government; and creating a favorable image of state employment.

- Training and Employee Relations Division

No one in the central personnel office is currently available for developing statewide training programs or stimulating and guiding agencies in improving in-service training opportunities. Well planned training programs, at all job levels, are extremely important because of the more sophisticated skills which are needed today to cope with agency problems.

EXHIBIT VIII  
STATE OF UTAH  
DEPARTMENT OF PERSONNEL SERVICES  
PROPOSED PLAN OF ORGANIZATION



\*Same person

It is recommended, therefore, that a training and employee relations division be created. Chief responsibilities of this division should be as follows:

- . Identification of current training needs in such areas as organizational planning, supervision, and technical and professional subjects in conjunction with agency personnel offices.
- . Development of training materials and resources compatible with the needs.
- . Initiation of worthwhile state-wide orientation programs for those entering state employment.
- . Motivation of agency officials to develop in-service training programs, both "on site" and "off site," and presentation of suggestions for improvement.
- . Evaluation of agency training programs to determine their adequacy.
- . Promotion of effective employee relations programs in such areas as human relations, leadership, safety; improvement of working conditions, and reduction of employee grievances.

Overall support and supervision of agency training programs as well as a comprehensive plan for orientation are absolute necessities. It cannot be assumed that departments will see the need for in-service training. They must receive central support, and, in some cases, discrete prodding. Initiation of a short but good state-wide orientation program should also provide an opportunity to expose all employees to the broad scope and objectives of state government.

- Examination and Placement Division

One of the cornerstones of an effective merit system is a rigorous and selective examination process. By this means, prospective employees are screened and ranked according to various measures of ability. Under the merit



system, the examination process assists in the elimination of strictly partisan appointments, unrelated to professional qualifications, and helps sustain a workable merit system.

A separate examination and placement division should be established and assigned the following broad functions:

- . Screening of applications, constructing and administering examinations of all types, analyzing examination results, and establishing eligible lists.
- . Certifying eligible lists and reviewing personnel actions of agencies to determine compliance with established procedures and regulations.

Establishment of this division should result in more effective development and control over these important functions.

- Classification and Compensation Division

This Commission also recommends that a classification and compensation division be created to provide the range of services associated with this phase of personnel management. This division should be authorized to:

- . Conduct job analyses, prepare class specifications, and assign positions to these classes.
- . Perform periodic classification surveys and adjust these classifications as agency organization, programs, and work assignments change.
- . Evaluate pay policies and practices, assign classes to salary grades, and conduct periodic salary and wage surveys.
- . Evaluate requests for allocations and reallocation of covered or exempt positions for submission to the merit system board.

A professionally staffed and active classification and compensation division is essential to the successful operation of an effective public personnel program.

3. APPOINT THE DIRECTOR OF PERSONNEL SERVICES AS  
AN EX-OFFICIO MEMBER OF THE RETIREMENT BOARD

Retirement systems have become an integral part of comprehensive state personnel programs. These systems play an important role in upgrading the overall quality of state employment because they: (1) allow for the replacement of older, less productive personnel; and (2) provide for improvement of employee morale by helping to insure financial security upon retirement.

No major change in the overall organization of the present retirement board is proposed as a majority of its contributing members are employed in governmental units separate from state government, such as public teachers and other local government officials and employees. Use of the board of trustees - executive director form of organization is justifiable under these conditions since representatives of participating groups in formulation of policies is needed. However, close coordination between the state's retirement and other personnel programs are required. Therefore, it is recommended that the director of personnel services be made an ex-officio member of the retirement board in place of one of the present appointees.

To further broaden the services provided by the retirement board and provide a more consolidated and rational approach to these programs, administrative responsibility for overseeing the state's social security agency and employee health and life insurance programs should be assigned to the board. These functions are presently performed by the department of finance.

4. STRENGTHEN THE STATE'S MERIT SYSTEM

Utah today stands at the merit system crossroads. Many advocate a rigid, tight merit system where state employment would be closed to patronage of any kind and employee tenure guaranteed. Others prefer a somewhat "free-wheeling" personnel program where appointments and dismissals can occur easily.

This Commission strongly endorses most of the major concepts of personnel administration and merit employment as set forth in the recently passed merit law. It rejects the thesis that substantial patronage is essential to democratic and responsive state government.

However, this Commission also supports the principle that the governor is ultimately responsible for personnel management and should be free to select the state's top policy-makers and, through his appointed staff, initiate dismissal proceedings against those career employees who fail to implement his policies.

To strengthen the present merit system and, thereby, significantly improve personnel management in Utah, this Commission offers the following recommendations:

4.1 Develop a Comprehensive Set of Policies to Guide Implementation of the Merit Concept

The governor, his chief staff officer, and the director of personnel should take immediate steps to develop personnel policies which will clearly implement the principles set forth in the recently passed merit law, and the changes suggested by this Commission. These policies should be designed to provide answers to the following questions:

- . How do we achieve maximum flexibility in recruitment yet still adhere to the merit concept?
- . Which positions actually require examination? What kinds of examinations should be held for various positions?
- . How many names should be certified? Should certification be required for all positions? How much flexibility should agency heads have in appointments?
- . How shall promotions be handled? Do we encourage promotions from within or from outside? Should veteran preference be given in promotional examinations?
- . What kind of performance rating system should be developed to improve work performance? Should employee salary raises be tied into performance reports?
- . How will incompetents be selected out of the merit service? What criteria will be used to identify them? How will grievances be handled?

These and other important questions need to be answered if Utah is to develop a merit system which rewards competence and eliminates the built-in mediocrity which pervades many governmental personnel programs.

#### 4.2 Evaluate and Revise Present Exemption Policies

If the state is to achieve a merit system with integrity which provides promising careers for highly competent employees, the merit concept of employment should be extended generally to every full-time permanent position not concerned with top policy determinations and execution. It is suggested that commissioners and department heads be authorized to hire needed administrative assistants and confidential secretaries outside of merit provisions. Merit system coverage, generally should cover all full-time permanent positions below department heads and their immediate staff. This kind of merit service coverage is an absolute requirement if employees are to be given an opportunity to develop careers on the basis of demonstrated competence and ability and not party affiliation or other political considerations.

This Commission disagrees with the provision of the current law which exempts unskilled labor from merit coverage. Two important arguments refute this policy --- equity and future proficiency. We believe that all permanent full-time employees should be treated equitably under the law. The unskilled employee who proves his merit during a probationary period and earns tenure should have the chance to develop skills and, therefore, enhance the investment which the state has made in his employment.

Merit employment, it should be clearly understood, imposes moral and legal responsibilities upon employees as well as the top managers. There is clearly no place in a merit career service for public servants who, because of partisan preferences, seek to or do undermine or discredit the programs and program innovations initiated by the governor and his political executives. State employees have a responsibility for performing their tasks in a highly motivated, competent, and loyal manner in accordance with overall policy and serve, as best they can, the state's chief executive, regardless of his party. Without personal dedication of career employees to such a philosophy that

public employment, in essence, is a privilege and not a right--attainment of the ideal of democratic government becomes impossible.

Extensions of merit system coverage to all but top policy posts and personal staff would emphasize the intent of the state to offer bonafide career opportunities and would enable state government to better attract the type of personnel required for sound management. Such a policy would also retain for the state the reservoir of experience and know-how which is lost to the state when competent, long service employees are either terminated or decide to leave because of frustrations over advancement.

4.3 Discontinue the Highway Patrol Civil Service Commission and Assign Its Administrative Functions to the Director of Personnel and Its Quasi-judicial Responsibilities to the Merit System Board

Continuation of a separate highway patrol civil service commission cannot be justified. Because of its administrative responsibilities and relative independence, its existence is contrary to a basic principle of the merit law -- that authority for personnel administration should rest with the governor. Moreover, development of uniform policies for personnel administration cannot be guaranteed. There is no valid reason for treating members of the highway patrol and drivers license examiners differently than other state employees in regard to merit coverage.

This Commission recommends, therefore, that the highway patrol civil service commission be discontinued. Its present administrative responsibilities for position classification, adopting rules, and appointing personnel should be assigned to the director of personnel. Its quasi-judicial authority for hearing appeals should be placed with the merit system board.

To guide the legislature in its deliberations over the possible strengthening of the state's merit system, this Commission has prepared a proposed revision of the merit law in appendix F of this report.

5. MOVE TO RAPIDLY UPDATE THE STATE'S CLASSIFICATION AND SALARY PLAN

The last major revision of the state's classification-wage plan occurred in 1961, four years prior to the enactment of the present merit system law. An audit of selected job specifications reveals that systematic revision of this plan has not taken place. Many shortcomings now exist in this plan which impede effective personnel management and are contributing factors to high turnover and low employee morale.

A selected review of certain jobs shows that salaries for certain classifications are low, particularly in top and middle, management posts. Utah ranks near the bottom in selected engineering job classifications in a recent salary comparison with nine other mountain states. In some cases, these deficiencies are alarming. As an isolated example only, a study of salaries for road commission personnel reveals that the average salary for district engineers in the nine other states is 37% above the average salary of Utah's district engineers. In the resident engineer category, the spread is 13%.

If the state is to recruit and retain competent, experienced, personnel, immediate steps must be taken to evaluate and update the existing classification and salary plan to correct these inequities. The 1965 merit law commits the legislature to bring salaries more in line with those of surrounding states, the federal government, and private industry. This Commission strongly urges the legislature to honor this commitment. Also, major reorganization of the executive branch would require a complete overhaul of the state's classification-wage plan. Both are long overdue.

The salaries paid to the state's chief executive and top agency heads are low. The governor's salary is approximately 1/2 of that paid to the general manager of Los Angeles airports and director of public relations, port of New York authority.

Low salaries make it extremely difficult to attract top persons from business, industry, and the academic community to serve in appointed positions. These salaries should be carefully reviewed to make public offices more attractive to top people.

6. EMPHASIZE AND USE THE PERFORMANCE RATING SYSTEM  
FOR IMPROVING SUPERVISION, IDENTIFYING OPPORTUNITIES  
FOR EMPLOYEE GROWTH, RECORDING PERFORMANCE,  
AND ADJUSTING SALARIES

Although the central personnel office has initiated a performance appraisal system, its actual effectiveness and widespread use are uneven. In many cases, supervisors tend to rate their employees nearly the same. Consequently, the rating system is ineffective in making those distinctions necessary for rewarding outstanding performance and penalizing mediocre effort. Other significant uses of performance appraisals have tended to be ignored. These appraisals, therefore, have become fairly routine and mechanical "chores" which must be tolerated each year.

This state, like other large organizations, is faced with the problem of getting supervisors to supervise. Much supervision has been based upon winning friends, using tact, and avoiding controversy, with the obvious result that some supervisors have played "ostrich" with the difficult task of helping and even prodding subordinates to grow into their jobs.

A sound performance rating system presents an opportunity and obligation for the supervisor to critically and objectively rate an employee in terms of his strengths and weaknesses. It also gives the supervisor an opportunity to discuss this evaluation on a personal basis and gather data to determine if salary increases are warranted.

The department of personnel services should promptly initiate an active and persuasive campaign with agencies to upgrade the state's appraisal rating program. Such a program is lacking in most state agencies today. This program should include:

- . Periodic audits of agency appraisal reports to identify poor rating practices.
- . Comparison of past appraisals with salary actions for several years to determine the relationship of these factors.
- . Selected interviews with employees to assess their reaction to the effectiveness of the rating process.

- . Meetings with supervisors to instruct them as to the proper use of appraisal forms.
- . Establishment of appraisal committees for higher rated positions to review employee performance, rate this performance, and discuss these appraisals with employees.
- . Development of procedures to provide for appeals over decisions of immediate supervisors by individuals dissatisfied with their performance reports.

Adoption of this approach to employee performance rating should lead to improved supervision, identification of training and management development needs, and provide an objective and fair basis for disciplinary actions as well as salary increases.

7. STREAMLINE THE PROCESSING AND USE OF CENTRAL PERSONNEL RECORDS

Records in the central personnel office are manually kept and cannot be easily accessed and processed to obtain such data as number of merit and non-merit employees, turnover rates by agency and position classes, personnel skills available, salary data, and other information critically needed in planning and directing the state's personnel program. As a result, much routine processing must be done by hand and few statistical or planning studies are conducted because of the time and expense required.

Without this information, problem areas in personnel administration cannot be spotted in time for corrective measures to be taken and long-range planning becomes impossible. The director of personnel services is thereby prevented from rendering full service to line agencies.

It is recommended, therefore, that immediate steps be taken to improve the processing and use of central personnel records. Such improvement should be preceded by a feasibility study to determine the extent to which this processing can be automated and which kinds of management reports are actually required.



8. INITIATE PROGRAMS TO INFORM EMPLOYEES OF INTER-AGENCY PROMOTIONAL OPPORTUNITIES

Announcements concerning open competitive positions within the various agencies are distributed, but not specifically to employees who have the necessary qualifications for the position in question. In most cases, agency heads do not make a concerted effort to disseminate to their employees information on position openings in other agencies. Failure to actively inform employees of inter-agency promotional opportunities is detrimental to the development of a career oriented personnel system.

This Commission recommends that the department of personnel services promptly study this problem to secure the cooperation of agency directors in improving, rather than restricting, inter-agency promotional opportunities. A personnel skills roster should be established so that eligible employees throughout state government can be notified of, and considered for, appropriate vacancies. Although resistance to this program would have to be overcome, successful development of inter-agency promotional transfers would foster a more career-oriented personnel program. It would also motivate supervising personnel to seek promotional opportunities within their agencies for promising and career-oriented employees.

9. INITIATE AN EMPLOYEE SUGGESTION-AWARD PROGRAM

Positive incentives related to the broad goals of state government can enrich the employment experience for most state workers. Since economy and efficiency in government are continual goals to be achieved, it is recommended that a cash and non-monetary award program be established for employee suggestions which meet these objectives.

With well over 7,000 employees, state government needs a systematic method, whereby, workers are encouraged to express ideas which lead to reductions in operating costs or provide better service with the same expenditure of funds. Development of an employee suggestion and awards program is an excellent way to tap the vast reservoir of ideas which exist and would improve work processes and conditions. Employee suggestions of a beneficial nature should be rewarded by cash payments, days off with pay, or commendations from the governor.

This Commission suggests that plans be immediately prepared to initiate this program and that once prepared, these plans be widely publicized.

The division of management services in the proposed department of budget should be responsible for screening suggestions, testing their validity, and, with the state's budget officer and director of personnel services determining suitable awards.

10. REVISE SALARY ADMINISTRATION POLICIES TO PERMIT GREATER THAN SINGLE YEARLY STEP INCREASES FOR OUTSTANDING PERFORMANCE

Present practices generally limit the frequency and amounts of salary increases to five percent every twelve months if performance is satisfactory.

This practice does not provide adequate incentive for individuals to perform in an outstanding manner and is discouraging to the capable, ambitious person. It does not stimulate morale and tends to build a rather stagnant and uninspired personnel group.

This policy should be reconstituted to allow greater than one step increases for outstanding performance of salary reviews at the end of six months. Overall control is needed and, therefore, all out of general time phase increases should be approved by the director of personnel services. This is another very important example of the kinds of policies that must be developed to build an atmosphere of vigorous motivation, competition and incentive.

11. ESTABLISH A FORMAL PROGRAM FOR MANPOWER PLANNING WITHIN EACH AGENCY

A formal program for manpower planning has not been established in most state agencies. Such a program is needed to: (1) establish realistic departmental budgets; (2) identify near-term vacancies in critical positions; (3) identify long-term requirements for employee replacement and recruitment; and (4) plan an effective department-wide recruitment program.

A sound program of manpower planning should include the following:

- . Development of a comprehensive manpower inventory based upon employee age, analyzed as to rates of turnover and other appropriate factors.
- . Identification of the number and qualifications of employees required at all levels and in all classifications for the coming year and forecasts of four-year needs for management positions above and including the level of section supervisor.
- . Identification of future manpower sources through promotion or recruitment.

Forecasts should be based on work load projections, number of scheduled retirements, and historical experience as to terminations and resignations.

Each division head and section supervisor should review and approve that portion of the plan relating to his unit of organization. The total manpower plan should be presented to the department director for approval. Once approved, the plan should be used as a primary guide for establishing manpower budgets, recruitment plans, and training and management development programs.

## 12. ESTABLISH A COMPREHENSIVE MANAGEMENT DEVELOPMENT PROGRAM

Management development is the term generally used to describe top management's efforts to identify key promotable middle and top management executives and plan their future development on an individual basis. A formal program for this effort should include two basic elements:

### (1) Identification of Potential Management Personnel

The management development program should be directed to those employees at or above the section level and its equivalent classifications. The potential of specific personnel at this level should be identified through a systematic ranking process. Ranking should be based on the following kinds of criteria:

- Performance appraisals .
- Training received and training program performance.
- Examination (by an oral board).
- Age and experience.
- Education.

Thus, at any given time, the director of a department should have a clear understanding of the extent and depth of management potential in that department.

(2) Development of Potential Professional and Management Personnel

There should be a specific plan for each individual selected for the development program. It should be tailored to fit the skills and career objectives of the man. Several methods of development should be used. Some suggested methods are:

- Assignment rotation within the department through transfer on a temporary basis.
- Sabbatical-type leaves of absence to work in other state departments or federal agencies.
- Formal management training outside the department through various training seminars or programs available through universities and associations. This method should include such programs as subsidized study at a recognized university.
- Intensive evaluation of the overall performance of each participant and counselling by top management on self improvement.
- Planned and encouraged participation in outside professional activities.
- Participation in intra- and inter- department management meetings to discuss, as a group,

particular management problems facing the department and to exchange ideas on management methods and techniques.

The absence of a management development program seriously limits the state's efforts to attract and retain capable managers. The immediate adoption of such a program is essential for sound personnel administration and should be spearheaded by the director of personnel services.

### BENEFITS TO UTAH

Effective administration is the key to efficient and economical state government. Management of the quality needed is wholly dependent upon the competence, drive and resourcefulness of the personnel employed. Therefore, programs must be immediately developed to insure that highly qualified individuals are identified, recruited, trained, promoted, retained, and rewarded for outstanding performance. Conversely, steps must be taken to eliminate mediocrity in state employment and select out those persons unqualified or unneeded.

Throughout its studies, this Commission has received requests from many agencies for additional personnel. Some of these requests are legitimate. Others are not. It is clear, however, that existing personnel are not always being used as effectively as should be expected. Salaries are generally low, training inadequate, recruitment spotty, and supervision uneven.

If Utah is to increase the performance of its existing personnel and weed out unneeded help, and thereby, help control the rising cost of government, personnel management in the state must be revamped. Implementation of the recommendations offered in this report will go far in providing the state with the kind of personnel management required.

## V. LEGAL SERVICES

The office of the attorney general is an elective office and provides full range legal services for Utah state government. Involved in this organization are over 20 full-time lawyers, an administrative officer, investigators, and secretarial and clerical support personnel. As the state's chief legal officer, the attorney general is responsible for the management and direction of deputy and assistant attorneys general and, in addition, may exercise a responsibility to assist district or county attorneys in the discharge of their duties and generally supervise all matters pertaining to the duties of their office.

In our complex society, it is manifestly evident to public and private organizations that they have available to them fully qualified and skilled legal services. Such skilled services can be of no less importance to the state of Utah.

## CONCLUSIONS

Based upon our review of legal organization and operations, this Commission has arrived at the following broad conclusions:

- The present attorney general's actions to: (1) establish an administrative office; (2) manage the total legal effort; (3) discourage the use of departmental attorneys as administrators; (4) improve procedures and up-date records; (5) develop an apprenticeship program; and (6) establish a 10 day correspondence control system--all are worthwhile efforts and should be continued.
- The retention of several attorneys from the previous administration shows a worthwhile recognition of ability without entire reliance on political affiliation.
- The governor does not always involve his chief legal officer in executive plans, programs and strategies. One of the reasons that this occurs is the attorney general's elected status.

- The present situation, where the state's legal counsel is entirely independent from the executive is not sound from a management standpoint and intolerable from the view of effecting a normal and voluntary attorney-client relationship.

## RECOMMENDATIONS

In view of these conclusions, the following recommendations for improvement are offered.

### 1. CHANGE THE POSITION OF ATTORNEY GENERAL FROM ELECTED TO APPOINTED STATUS

Legal services are extremely important but they are not ends in themselves. Attorneys provide a supporting service that, if properly handled, should help a chief executive officer manage an organization more effectively. The state government, however, is in the anomolous position of an organization which engages a law firm that conceivably could be hostile to its client's interests. In a private situation, such a firm would be dismissed immediately. In state government, however, a governor can be stymied and obstructed for four years by his legal counsel.

It is said that an elected attorney general provides a needed check on the executive. In fact, however, such an arrangement is just another roadblock to effective management and responsive government. The more fundamental check on the executive is the clear responsibility of the legislative and judicial branches of government, as well as a merit service.

It is recommended, therefore, that Utah change the position of attorney general to an appointed office. He should be appointed by the governor, confirmed by the senate, and serve at the discretion of the state's chief executive. Implementation of this recommendation is but another step toward cohesive, efficient and effective state government.

### 2. DEVELOP A CAREER SERVICE FOR ATTORNEYS

The state should begin consideration of developing a career service for attorneys, rather than relying on appointments outside the merit system. The present system does not provide for

continuity, nor does it encourage the development of a high quality legal service. The setting of high qualifications standards, competitive salary patterns, and performance incentives can provide a framework for the development of an outstanding, highly professional service.

### 3. REVIEW STAFFING PATTERNS

In providing legal services, governmental units vary in their approaches from developing a large staff to meet total requirements to a small, tightly staffed organization that is supplemented by outside, specialized counsel. Though Utah has taken the former approach, it is unlikely that the range of expertise to meet all requirements could be attracted to state service. Therefore, it is recommended that an objective study of actual workload and staffing requirements be undertaken and that a determination be made of those kinds of legal services that can be most effectively handled by outside counsel. This Commission recommends that the legal department avoid the tendency to staff up to peak workload and concentrate instead on the development of a tightly organized, basic staff which can be supplemented from the outside as needs develop.

### BENEFITS TO UTAH

In the development of a qualified, dynamic management team for Utah's state government, an essential ingredient is a legal counsel who is a fully contributing member of that team.



## VI. REVENUE SERVICES

Public revenue is the lifeblood of state government. The effective organization and administration of revenue services, therefore, is critically important from the government's standpoint. Moreover, effective revenue administration is even more important to Utah's taxpayers -- from the standpoint of fair and equitable treatment and courteous prompt service. Exhibit IX outlines the present organizational arrangement for revenue administration.

### CONCLUSIONS

After considerable study of Utah's revenue organization and administration, this Commission has arrived at two major conclusions:

- The present plan of organization for revenue administration is not structured for fully effective operations.
- Because revenue functions are scattered, the cash that is collected is not quickly and effectively invested, thus causing the state to lose large amounts of money.

These should be matters of priority attention because public revenues are a public trust and, therefore, every effort should be made to assure that revenue organization and management is soundly conceived and highly efficient.

### RECOMMENDATIONS

If Utah is to improve the quality and effectiveness of its revenue services and provide maximum fairness in the administration of tax laws, major organizational and procedural changes are required. The following recommendations are offered to achieve these objectives, and, in addition, to provide specific material benefits in terms of money saved or generated. Exhibit X describes the recommended plan of organization.

1. ESTABLISH THE POSITION OF COMMISSIONER OF REVENUE SERVICES TO ADMINISTER AND COORDINATE STATE REVENUE FUNCTIONS

In a very real sense, governmental revenue comes into existence the moment a taxation law goes into effect. As revenue proceeds through its several cycles - from credit to assessment, collection, account, deposit, investment, withdrawal and tender - it ordinarily moves, in matching steps, from one governmental office to another. Customarily, no one manager questions the procedure of any other manager - especially when the procedure has, or seems to have, the sanction of law. Thus, by legislation, or administrative policy the agencies or sub-agencies dealing with these revenues have tended to become insulated or even autonomous. The end result is uncoordinated and disjointed administration, a spasmodic revenue flow, and a significant revenue loss.

To eliminate fragmented organization and management and speed-up the processing and maximum use of public revenues, this Commission recommends that a position of commissioner of revenue services be established, appointed by the governor and serving at his discretion. The commissioner should be authorized to coordinate and manage the functions of excise tax administration, treasury management, and property tax administration.

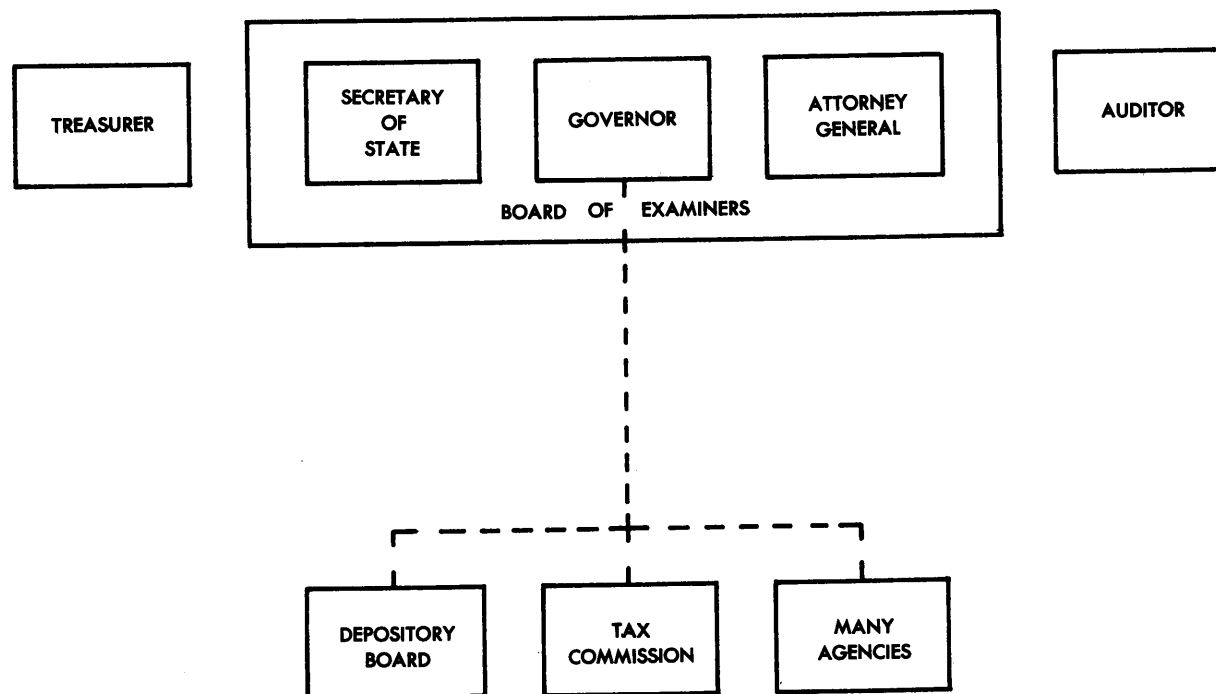
2. REORGANIZE THE STRUCTURE AND FUNCTIONS NOW EMBODIED IN THE STATE TAX COMMISSION TO PROVIDE FOR IMPROVED ADMINISTRATION OF TAX LAWS AND REVENUE FLOW

Although Utah has wisely consolidated the administration and collection of major state taxes in one central agency, the tax commission, the overall organization and management of these functions can be substantially improved.

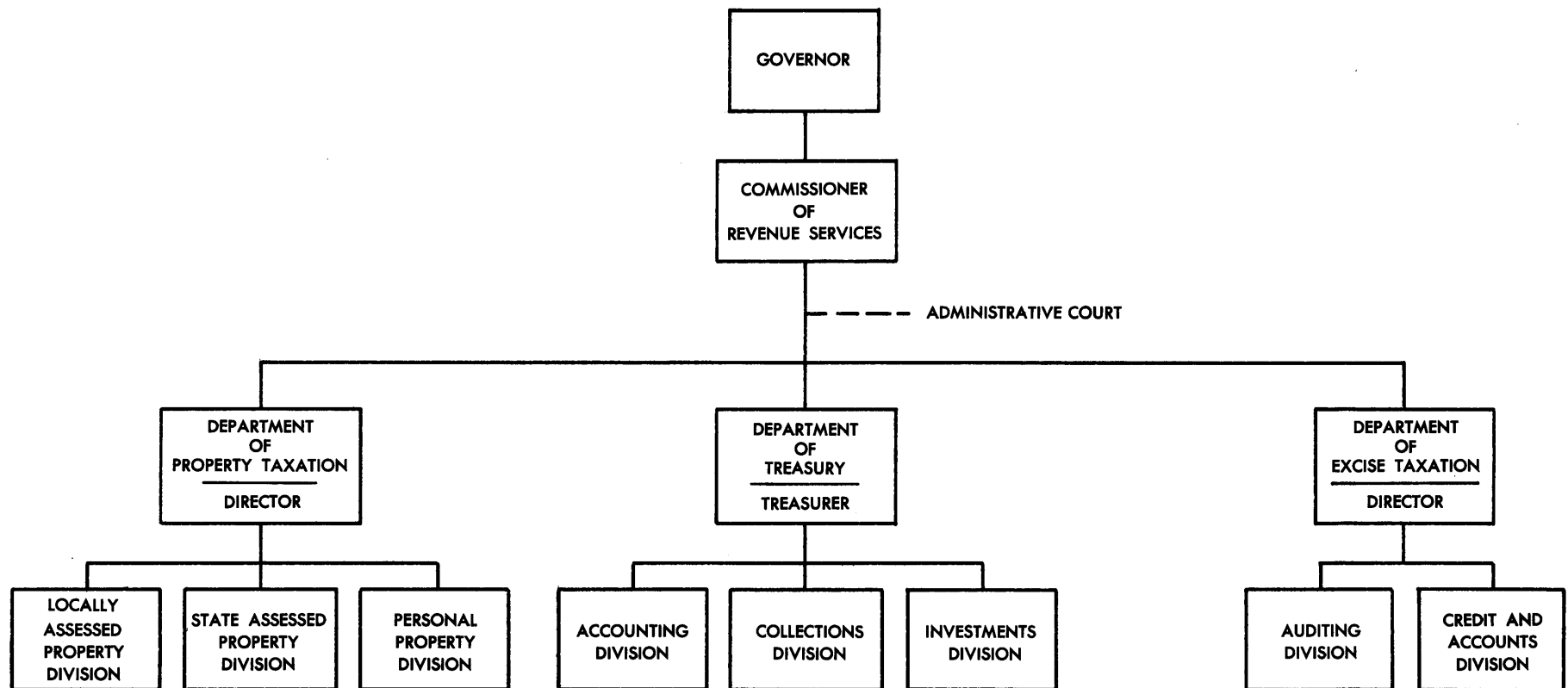
2.1 Discontinue the Full-time Tax Commission and Transfer its Quasi-Judicial and Quasi-Legislative Functions to a Quasi-Judicial and Legislative Agency

The currently operating state tax agency, having a commission form, is unsuited to the task of administration. Though the decision making power is vested in the members sitting as a commission, they have, individually, been

**EXHIBIT IX  
STATE OF UTAH  
REVENUE SERVICES  
PRESENT PLAN OF ORGANIZATION**



**EXHIBIT X  
REVENUE SERVICES  
STATE OF UTAH  
PROPOSED PLAN OF ORGANIZATION**



given assignments which involve an exercise of authority and an assumption of responsibility. This contradictory kind of administrative arrangement must invariably result in disjointed management and organizational confusion.

There is a close and continuous relation between the varied aspect of revenue administration. When sectors of responsibility are designated according to some arbitrary pattern designed to achieve a balance of workload among the commission members, a break in management continuity is inevitable.

For example, under the current arrangement administrative policies concerning scope and direction of the auditing program directly affect the workload of the collections division. Yet each organizational unit has been assigned as the responsibility of a different commissioner. Also, procedures established for the accounting division will affect collection programs at branch offices. Again, each activity is supervised by a different commissioner. If conflicts arise, they must be resolved by individual commissioners or the commission as a whole. As a result, consistent management becomes difficult and decision-making is time consuming and often subject to negotiation and compromise.

But coordinated revenue services should never be dependent on negotiation. However well a board or commission form may operate in jurisdictional or other matters requiring arbitration, it is cumbersome and unwieldy as an administrative device. The characterizing feature of the commission form is equality of voting power. Pluralistic management is virtually impossible, however, so commissions by mutual consent of the members disband themselves to fulfill their management tasks. Among the members there develops a tacit agreement of live and let live, with all of the resultant uncoordinated efforts as noted above. The only real justification of the present, four member, bi-partisan commission is its service in the area of assessment equalization and review. That service can be more objectively dispensed from another source.

Inherent in the present appeal arrangement is the fact that a taxpayer is not necessarily guaranteed an objective

review of his case or grievance. The commission is responsible for equalizing property assessments among the various counties, as well as hearing appeals of taxpayers hurt by equalization orders. Furthermore, the commission has administrative responsibility for conducting audit programs and assessing deficiencies, as well as sitting as a hearing board to consider appeals from taxpayers so assessed. In these situations, the commission functions both as prosecutor and judge, thus preventing a truly independent review of taxpayer appeals. Although rulings of the tax commission can be appealed to the courts, such a course of action is time-consuming, expensive, and less likely required if an independent review of tax grievances at some level can be achieved.

This Commission recommends, therefore, that the present four man administrative tax commission be discontinued and its quasi-judicial functions transferred to a quasi-judicial body as proposed in chapter 15. Although implementation of this recommendation requires constitutional revision, the difficulties associated with such a change are well worth the effort in terms of improved management.

## 2.2    Transfer Activities of the Motor Vehicle, Branch          Offices, and Motor Vehicle Business Administration          Divisions to Proposed Department of Motor Vehicles

Administration of motor vehicle laws and licensing of automobile dealers has become a highly complex and technical activity and has but a distant relationship to administration of property and excise taxes. While motor vehicle and dealer licensing fees generate revenue, the reason for their existence is regulation of owners and sellers of personal and commercial motor vehicles. To provide a separate organizational framework for all motor vehicle activities, greater convenience for those licensed and regulated, and increased efficiency which should result from consolidation of motor vehicle and drivers licensing branch operations, this Commission recommends that these functions be transferred to the proposed department of motor vehicles. This new department will be discussed in further detail in chapter 9 of this report.

2.3 Recognize the Principal Functions and Purposes of Tax Administration by Organizing Two Separate Departments: Property Taxation and Excise Taxation

The tax commission has been authorized to administer all tax laws of the state. When this centralized authority was established in the early 1930's by constitutional amendment, it represented a significant step forward. Prior to that time the taxing authority was dispersed. Tax assessment and collection power resided with the treasurer, secretary of state, attorney general, insurance commission, utilities commission, and board of equalization. At the time this constitutional amendment was passed, however, most of today's productive taxes did not even exist. The tax commission's chief responsibility at the time of its creation was that of a board of equalization. Aside from the property tax, only a few minor excise tax sources existed.

The task involved in the administration of excise and income taxes and those involved in property taxes are entirely different. The administrative process relating to income and excise taxes involves the regulation of individual activity. It is audit oriented and chiefly concerned with the discovery of irregular and fraudulent returns. On the other hand, the administration of property taxes involves the regulation of local governmental activity through discovery of facts relating to local tax assessments and by issuing proposed directives for changes in value. This function is research oriented and concerned with the establishment of appropriate tax values.

This Commission recommends, therefore, that separate departments of excise and property taxation be created. The director of each department should be appointed by the governor, upon recommendation of the commissioner of revenue services.

2.4 Organize the Department of Property Taxation into Three Divisions: Locally Assessed Property; Personal Property; and State-Assessed Property.

The property tax department should have three divisions. The division of state assessed property should: establish valuations of public utilities and common carriers; allocate values of these properties to counties, cities, school

districts and other local jurisdictions; and assess mines.

The division of locally assessed property should: appraise locally assessed properties and equalize valuations on the local assessment roll; conduct valuation and sales-ratio studies; and provide technical assistance by preparation of all manuals, forms, tools and standards used by county officials for property taxation purposes.

The recommended personal property division, does not presently exist. The proposed division would have the responsibility of designing appropriate manuals and conducting personal property audit and appraisal programs. Today's personal property taxation function is woefully weak and needs immediate attention.

2.5 Organize the Department of Excise and Income Taxation into Two Divisions: Auditing and Accounts.

This Commission recommends that a department of excise and income taxation be created. This department should be provided essential staff services and should be made up of two divisions: an auditing division, significantly expanded over that in current operation, and a credit and accounts division.

Most state public revenues come from tax liabilities declared by individuals or delegated private collectors. If, as this Commission contends, the state's prime responsibility in taxation is the accurate determination of tax liability, a fully effective audit function is absolutely essential.

The present auditing program of self-assessed taxes in Utah, though seriously understaffed, is fairly effective. It is, nevertheless, founded on identifying the more significant and those more productive offenders. Accounts for audit generally are not selected on a random or scientific basis. Therefore, there is little incentive on the part of many tax-payers to comply with the law. While it is necessary to uncover as much lost revenue as possible through audits it is even more necessary to audit much more comprehensively.



This Commission believes that the state's audit program for Utah's 20 plus income, excise, severance, privilege, and estate taxes must be strengthened immediately. A total of 60 auditors or three auditors per tax is not enough, most especially when emphasis must be given to the income tax where more than 330,000 returns are filed and the sales and use tax where more than 72,000 quarterly returns were made. It is evident that a sharp increase in the audit staff would produce legitimate returns to the state far in excess of salary costs for such a move.

3. REORGANIZE THE ADMINISTRATION OF THE TREASURY FUNCTIONS

Important and tangible opportunities exist for improving the organization and management of the state's treasury functions.

3.1 Change the Position of Treasurer from Election to Appointment and Place Him in Charge of a Department of Treasury

Retention of the treasurer as an elective constitutional officer is difficult to justify. The duties of this office are ministerial in nature and include no really important policy-making functions. The treasurer's accounting for public funds duplicates much of which is done by the department of finance. Continuation of this position as an elective office serves only to prolong fragmented management of revenue services in the executive branch.

Insulation of this office from the responsibilities of the governor cannot be defended as a "check and balance" over a poor governor. The existence of an independently elected treasurer is really no check at all. Effective controls can be better provided by a professional legislative audit or other methods. This Commission recommends, therefore, that the constitution be amended to provide for a treasurer appointed by the governor. The treasurer should be in charge of a department of treasury and placed under the commissioner of revenue services.

Adoption of this recommendation will cement the current disintegrated organizational structure for revenue administration. In addition, assignment of this function to the commissioner of revenue services will provide a basis for coordinated approach between collection of revenues,

prompt deposit and investment. Development of a planned and controlled cash flow for the state should minimize the need to borrow to meet current obligations and maximize opportunities for the investment of idle cash.

3.2 Transfer Responsibility for Cashiering, Accounting and Collections from Tax Commission to the Department of Treasury

Responsibility for the collection of excise and income taxes and the cashiering and crediting of monies to accounts is now vested in two divisions of the state tax commission. The accounting division cashiers monies and credits them to accounts and collection of deficiencies (monies that have not been sent in with the completed returns) and delinquencies (monies determined as properly due through audit) have been assigned to a collection division.

These three functions -- collecting, cashiering and accounting -- should properly be the responsibility of the department of treasury. Funds could be more rapidly deposited if placed directly in state depositories or returned to the treasurer for immediate deposit. The auditing process would be improved if accounts were maintained by the treasurer and delinquent and deficient collections were controlled by this office.

3.3 Assign Responsibility for Investment of Permanent Funds to an Appointed Treasurer

Investment analysis is complex, highly technical, and requires considerable specialized knowledge for good results. A well-conceived program for investment of the state's permanent funds cannot be developed as long as investment responsibilities are dispersed among different boards, commissions and institutions. Therefore, it is recommended that responsibility for investment of funds held by the land board, insurance fund, and indian affairs commission be consolidated and assigned to the appointed treasurer.

Policies and procedures which govern the investment of permanent funds should be reassessed. Statutory restrictions on various funds differ in terms of the kinds of investments which can be made. These restrictions often prevent the state from securing a high yield for all investments,

consistent with sound and conservative investment practices. Investment policies should be revised to provide for a flexible, uniform, and progressive investment program.

3.4 Abolish the Depository Board and Transfer Its Functions to the Department of Treasury

A state depository board has been established to select the banks into which public funds are deposited, regulate the distribution of public monies between banks, and watch over other treasury functions. Its membership includes the banking commissioner, treasurer, and one person appointed by the governor.

These functions are executive in nature and are elements of treasury management. It is recommended, therefore, that the depository board be discontinued and its responsibilities be transferred to the department of treasury.

4. PROVIDE A MEANS OF SPEEDING-UP THE REVENUE FLOW TO ASSURE PRODUCTIVE UTILIZATION OF STATE FUNDS

In order to optimize revenue productivity, some significant procedural changes must be made. Some changes may be achieved through administrative action, but others require legislation.

4.1 Require Vendors Collecting Sales and Use Taxes to Deposit Their Collections Monthly to the Credit of the Commissioner of Revenue in Approved Depositories

Sales and use tax collections are presently submitted to the state tax commission on a quarterly basis. The vendors who collect these monies are granted a 30-day grace period to file their returns. Virtually every vendor makes liberal use of this grace period to the extent that many vendors are letting four and even five months pass by before sending their returns. The penalty is a modest one and apparently many of the vendors benefit from the use of tax money for an extra period of time.

This method of return has been largely responsible for numerous deficiencies. For example, vendors place their tax collections into inventory or use them otherwise as working capital. Then, when the payment day arrives they are unable

to submit the amount they have collected. This matter has become serious and, in fact, has prompted the development of an extensive bonding program which requires a great deal of administrative attention.

It is recommended by this Commission that an entirely new system of tax collections be adopted as soon as possible. The plan would operate in the following manner:

- Vendors should be required to deposit sales tax receipts in a state depository approved by the revenue services agency on a monthly basis from information developed from records they are already required to keep. Depositories should be required to issue vendors a duplicate deposit slip and forward original deposit slips to the revenue services agency on a certain day during the month.
- Vendors should continue to submit quarterly returns, accompanied under this procedure, by three duplicate deposit slips as substantiation that taxes have been paid and deposited.

The value of the recommended procedure is self evident: (1) money is not submitted with the tax return and thus, tax funds are immediately deposited and earning interest; (2) audit procedures are improved through quick identification of delinquencies; and (3) collections and bonding procedures will be simplified. If, on a conservative basis, \$5 million were deposited each month and earns 3% interest, the recommended program would produce annually, in excess of \$300,000 in income that Utah state government otherwise would not have received.

4.2 Require Employers Withholding Income Tax From their Employees' Earnings to Deposit Such Monies Monthly to the Credit of the Commissioner of Revenue in Approved Depositories

This proposal is similar to the one noted above. On the basis of the first five months of fiscal 1966, it appears that a sum in excess of \$25 million will be withheld from employees' earnings this year by employers throughout the state. Therefore, the earnings of monthly deposits in

excess of \$2 million per month will amount to \$35,000 a quarter, and an annual dollar earnings or savings of almost \$150,000. Thus, by installing a simple procedure that applies to both sales and income taxes, the state can improve its revenue position by about \$500,000 per year.

4.3 Establish Document Control Procedures Which Will Require Immediate Deposits of all Checks, Money Orders and Cash

Any delay in placing public monies into a safe earning situation should not be allowed. Memorandum slips or some other notation device should be immediately substituted for all revenues reaching the department of treasury in the form of tender and such revenues should be deposited upon receipt. It is evident that, today, checks and money orders too often are considered as only records to be processed instead of cash that could be invested or drawing interest. This attitude must be sharply reversed -- it has cost the state millions of dollars.

4.4 Initiate Modern Cash Management Practices

A cash management program has been outlined in the appendix of this report. There are indications that better short term investments can be made than those now practiced. The skills of a trained and knowledgeable investment counsellor should be used in the management of all state cash.

The opportunities for improving revenue administration and cash management in Utah are startling in terms of the funds that are available, without increased taxes, through sound organization and modern techniques. The need to move vigorously in this direction is clear and immediate.

BENEFITS TO UTAH

Effecting the means to realize the earning potential of public revenue can result in a substantial reduction of the tax payer's burden. The half million dollar savings, immediately identified, represents a small portion of the material benefits to be gained by providing authoritative overview and administrative control of the revenue flow.

The reduction of tax deficiencies and delinquencies by an expedited collection and an improved audit will bring about, not only a more efficient, but a far more equitable tax program. Greater reliance will be placed in the positive aspects of revenue administration. There will be less need for exercising the costly and unpopular negative sanctions.

Assignment of functions and responsibilities according to mission will strengthen the organization by repairing structural defects attributable to historic accident. There is perhaps no area in state government where a redefinition of purpose, means and procedure is more required than in that relating to the administration of revenue.

## VII. TRANSPORTATION SERVICES

The Utah department of highways is the largest single administrative agency in state government. It has a current annual budget of \$87 million and employs approximately 2,400 personnel. It has experienced dramatic growth over the past 8 years and can be expected to continue to grow in the future, as indicated in Exhibit XI.

Departmental growth has been principally in the engineering and construction functions as a result of the massive federal-state cooperative program started in 1956. The Utah department of highways has met most of the problems associated with a greatly increased engineering effort and is developing and improving its highway system as rapidly as funds (both federal and state) are available.

However, organization and administrative problems, many of which remain unsolved, have been created by rapid growth. For example, a large part of future budget increases will be in the field of maintenance, an area which has received little management attention to date, and, additionally, does not receive federal funds participation. It is clear that most of the present and future problems confronting the department will be of a management nature and will require considerable imagination and leadership to solve.

The highway department clearly recognizes its responsibility to operate effectively, efficiently, and economically and is prepared to take the actions necessary to foster and encourage improvements. With such a positive attitude, considerable progress can be expected.

### CONCLUSIONS

The department of highways is unlike most other state agencies in that, in many respects, it functions like a private company. The department is responsible for producing a tangible product - in this case, a highway system - and in so doing it performs a full range of engineering, construction supervision.

and maintenance services. Moreover, the department utilizes many of the management techniques often found in industry, such as planning, scheduling, and budgeting on a program or work project basis. However, many of the problems of organization and administration encountered by the department result from a tendency to apply standard governmental organization and administrative practices where more business-like approaches are required. The most significant of these problems are listed below.

- The Commission Form of Management is Not Effectively Providing Leadership to the Department of Highways

The road commission operates virtually independent of the executive branch of the government. Considerable confusion exists regarding the proper roles and responsibilities of the road commission and the director of highways and there is no clear division of responsibility between policy-making and administration. The commission has involved itself heavily in administrative matters and, in so doing, has seriously diluted the effectiveness of the director and department top management.

- Present Highway Department Organization Does Not Provide the Basis for Effective and Efficient Administration of the Highway Program

Responsibility for overall administration of the department is divided between the commission, the director of highways, and the state highway engineer with no clear separation of duties and responsibilities. Functional integrity and responsibility are not achieved in that similar and integral activities, such as design functions, are being performed in several units of the organization. Also, there is not a clear separation between line and staff activities resulting in confusion throughout the organization over channels of responsibility and authority.

- The Department is Not Attracting, Developing and Retaining the Calibre of Personnel Required to Meet Its Short and Long-Range Management Needs

Historically, the department of highways has not placed significant emphasis on career service for



EXHIBIT XI  
STATE OF UTAH  
ROAD COMMISSION  
PAST AND PROJECTED EXPENDITURES

I. RECORD OF PAST EXPENDITURES

	<u>Fiscal Year</u>					
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Construction	\$35,996,000	\$40,949,000	\$38,659,000	\$52,167,000	\$55,094,000	\$73,446,000
Maintenance	4,643,000	5,337,000	5,254,000	6,253,000	6,485,000	7,677,000
Administration & Operations	2,573,000	4,523,000	3,684,000	4,277,000	3,684,000	4,131,000
TOTAL	\$43,212,000	\$50,809,000	\$47,597,000	\$62,697,000	\$65,263,000	\$85,254,000

II. PROJECTED EXPENDITURES

	<u>Fiscal Year</u>				
	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Construction	\$74,515,000	\$70,630,000	\$82,190,000	\$ 88,365,000	\$ 88,115,000
Maintenance	7,346,000	7,917,000	8,521,000	9,152,000	9,829,000
Administration & Operations	5,864,000	6,089,000	6,103,000	6,127,000	6,159,000
TOTAL	\$87,725,000	\$84,636,000	\$96,814,000	\$103,644,000	\$104,103,000

management personnel. Many upper-level management positions have been filled from outside the department and many positions are presently unfilled, due either to lack of a positive program to identify and develop capable managers from within or a reluctance on the part of career minded employees to advance to positions where tenure is likely to be insecure. The above factors have contributed to a high turnover of engineering and supervisory personnel and generally low morale among department employees.

- The Utilization of Labor, Materials, and Equipment in Highway Maintenance is Low

The costs and complexities of highway maintenance are steadily rising and will continue to increase. At the same time, insufficient effort has been directed toward the development of the management tools required to effectively plan, schedule, supervise, and control maintenance operations and costs. As a result, the department is experiencing a very low rate of labor, materials, and equipment utilization.

The above conclusions represent a summary of the major problems presently facing the department of highways. It is clear that these problems are not of an engineering nature, but management problems requiring solutions in improved organization and administration.

It should be noted that present department management has recognized, to a certain extent, the importance of apparent organization and administrative problems and already has begun to take effective steps toward their solution. These efforts have been impaired, however, by policy limitations, and to a significant degree, by actions on the part of the road commission.

## RECOMMENDATIONS

After careful evaluation and analysis of the problems outlined previously, this Commission offers recommendations for change and improvement in the organization and administration of the department of highways, directed toward the solution of these major problems.

1. DISCONTINUE THE PRESENT COMMISSION FORM OF  
HIGHWAY ADMINISTRATION

The responsibility for the management of the department of highways is shared by the state road commission, composed of five members appointed by the governor, and the director of highways, appointed by the commission with the approval of the governor. The total present effectiveness of the state of Utah highway program is more dependent upon the leadership, drive, and imagination of both the commission and its director than any other single factor. Many of the problems faced by the department are the result of the clear lack of effectiveness of a dual management type of organization.

The legislation that establishes the commission sets the framework for the present organization and operations of the department, as follows:

"The commission shall administer the state highways and exercise those powers and duties which relate to the determination and carrying out of the general policy of the state relating thereto. It shall exercise such control over the location, establishment, changing, construction, and maintenance of highways as is prescribed by law."

"It shall have the power and duty to formulate and adopt rules and regulations and establish programs for the expenditure of public funds for the construction, improvement, and maintenance of state highways, and other purposes authorized by law, . . ."

The legislation provides for the creation of a state department of highways under the supervision and control of the commission. It further provides that the road commission "shall employ, with the approval of the governor, a director of highways, who shall be the chief executive officer of the department of highways"; and that the commission "may delegate such of its administrative duties to the director of highways as it deems necessary."

From analysis of the legislation, three facts stand out which have significant bearing on the management of the highway department and are the basis for its most difficult problems.

- (1) The legislation established the commission as an autonomous unit, largely independent of the executive branch of government.
- (2) The commission's function is administrative in nature and not limited to policy-making.
- (3) Although the commission is required to appoint a director of highways and may delegate administrative duties to him, such authority is subject to the absolute control and supervision of the commission.

The present autonomy of the commission apparently was designed to achieve two objectives: (1) to reduce the extent of gubernatorial control over the highway program; and (2) to provide broader representation of the public in the administration of highway matters.

There is serious question as to the validity of the first objective. The department should not be protected from the governor to the extent that it is impervious to changes in administrative policy that he may properly attempt to effect. The administration of the highway program is rightfully a concern of the public - the people of the state as a whole - and the governor, as the chief executive of the state, should be held responsible and accountable for the program. Along with this responsibility and accountability, the governor must be given the authority to select a department head who will carry out his policies and respond to the desires of the public as expressed through his office. Only by making an elected official ultimately responsible for the largest single arm of the executive branch of government, can the people rectify poor administration through the elective process.

With respect to the objective of greater public representation, four members of the commission are selected from each of four commission districts and a fifth member represents the state at large. Those commissioners representing a given district have a natural tendency to support positions favoring their particular district, often at the expense of the state as a whole. Also, when a commissioner is selected because of experience in highway matters, such experience sometimes has been acquired in service with one of many highway special interest groups and it is the unusual individual who will not continue to represent the interests of such groups. Thus, in actual practice, the commission often does not represent the people of the total

state but rather, represents a combination of geographic and special interests.

Finally, commission participation in day-to-day administration results in serious problems for the department, as follows:

- (1) Administrative decisions of an engineering nature are often being made by persons who do not possess the professional and technical background required for informed judgment.
- (2) There are not clearly established lines of authority and responsibility and, therefore, the efforts of the director to manage the department are diluted.
- (3) Because administrative responsibility is divided between the commission and the director, the director's performance cannot be adequately evaluated.
- (4) The commission has not developed a statement of policy in a form usable or available to department management and, as a result, department staff are reluctant to act on a problem and relatively minor matters are pushed upward for decision.
- (5) Many matters which can and should be handled promptly as normal administrative routine must be held until the next commission meeting. This seriously hampers the progress of the highway program.

It is evident that the original objectives for establishing the present commission form of management for the highway program are either invalid or have not been achieved. Moreover, commissions with administrative involvement, traditionally, are inefficient, ineffective, and do not contribute to dynamic management. It is recommended, therefore, that the present commission form of highway management be discontinued and that a more effective management structure be sought.

2. CENTER IN THE DIRECTOR OF HIGHWAYS THE RESPONSIBILITY, AUTHORITY, AND ACCOUNTABILITY FOR GENERAL MANAGEMENT OF THE STATE HIGHWAY PROGRAM

If a coherent general policy for the highway program is developed by the legislature and implemented by the governor, the principal role of the director of highways should be as chief executive officer. The legislature should establish broad policies regarding what is to be done and the director should decide how to carry out such policies. Although these administrative decisions may amount to policy formulation in a sense, they are administrative policies only and their development should be left primarily in the hands of those trained by education and professional experience to manage and operate the complex, technically oriented organization that is today's highway department.

One of the widely accepted and, in this case, highly applicable principles of sound administration is that administrative authority should be centered in a single individual who can be held responsible for the conduct of designated functions and held accountable for results. In order to provide for more effective administration of the Utah highway program and to place ultimate responsibility and accountability for its success with the governor, it is recommended that the responsibility for the general management of the department of highways be centered in a single chief executive. In implementing this recommendation, the following steps are recommended:

- (1) Develop legislation that outlines clear statements of broad policy to guide the administration of the state's highway program.
- (2) Assign responsibility for the general management of the highway department to a single chief executive officer, the director of highways, appointed by the governor with the advice and consent of the senate, and to serve at the discretion of the governor.
- (3) Require by statute that the director of highways position be filled by a registered professional engineer with substantial management experience in the administration of a highway or major public works program.

The director of highways should also serve as the commissioner of transportation services.

3. ESTABLISH A HIGHWAYS COUNCIL TO ADVISE THE  
DIRECTOR OF HIGHWAYS IN THE ADMINISTRATION  
OF THE HIGHWAY PROGRAM

Although the highway program can be managed more effectively by a single executive, outside counsel and assistance also are required. Recent advancements in the use of planning and research data to qualify highway program needs have provided a better engineering/economic basis for executive decision in the programming of highway funds. However, there is still need for careful consideration of the public interest in the decision-making process. Therefore, the director of highways should have the benefit of advice and practical experience of a highway council. Such a council can be useful in gaining public support and understanding for the highway program and acquainting the public with the reasons for engineering and administrative policies and decision of the department.

It is recommended that a highway council be established, serving in a part-time advisory capacity to the director of highways. The council should be bi-partisan in structure and consist of seven members appointed by the governor with staggered four year terms. Four members should be appointed from the present commission districts and three should be from the state at large. The legislation establishing the council should clearly state its duties and responsibilities to include:

- (1) Review proposals for the establishment of or changes in department policy and make recommendations to the director for their adoption, modification, or rejection.
- (2) Provide counsel and assistance, at the request of the director, on the solution of difficult or sensitive policy matters.
- (3) Conduct required public hearings, with appropriate department staff present, on the location of highway routes.
- (4) Review the proposed budget and construction program and make recommendations to the director for adoption or modification.
- (5) Recommend the selection of a director of highways.

A highway council can be of considerable value to the director of highways and the governor, as well as contribute to the overall success and public acceptance of the highway program. Moreover, the advice and constructive criticism of a body of public-spirited citizens can be a wholesome thing and entirely in keeping with the strong tradition in Utah for citizen participation in the affairs of government.

4. REQUIRE THE DIRECTOR OF HIGHWAYS TO REPORT  
REGULARLY TO THE GOVERNOR AND THE LEGISLATURE  
ON THE STATUS OF THE HIGHWAY PROGRAM

In order to evaluate the performance of the director of highways and keep abreast of the progress of the highway program, the governor and the legislature should receive periodic management reports on the operations of the highway department. These should be presented quarterly, by the director, to the governor and an appropriate interim legislative committee:

The reports should summarize the overall status of the highway program as well as point out problem areas which have been identified and actions that will be taken to correct them. Detailed information should be included on the following areas:

- Status of engineering and construction projects as compared to previously determined time schedules and cost estimates.
- Actual maintenance and administration expenditures as measured against budget.
- Increase, or decrease, in and turnover of personnel by division and district.

The adoption of this recommendation will provide the governor and legislature with the necessary controls to hold the director accountable for the successful management of the highway program.

5. REORGANIZE THE DEPARTMENT OF HIGHWAYS TO  
IMPROVE OPERATIONS

The present plan of organization of the state highway department is presented in Exhibit XII. There are many problems associated with the organization as it now exists and there are several opportunities for improvement and streamlining.



- Functional integrity and responsibility are not always achieved. Several closely related activities, such as design functions, are being performed by various divisions and at different levels within the organization.
- The division of responsibilities between the director of highways and the state highway engineer is unclear.
- The span of control of the state highway engineer is excessive, with both major and minor functions reporting directly to him.
- Position responsibilities are not objectively defined and are often based on the special capabilities of the incumbents.
- The headquarters division heads have been assigned functional control over their respective functions in the districts and, in practice, this has been expanded to administrative control. Thus, several staff members are serving two "masters."
- The grouping of functions at headquarters and in the districts is not based on the logical flow of work through the department.
- The authority of districts over assigned projects is not clearly understood and the degree of independence and autonomy from headquarters varies considerably between and among districts.
- Flow of communications and management actions does not always follow the organizational lines of responsibility and many informal organizational relationships are required to make the organization work. As a result, lower level information is often handled by top executives and more important matters are sometimes resolved at lower levels without the benefit of top management participation.
- The present plan does not provide for the proper conduct of functions designed to strengthen management control.

These are problems that inhibit the effectiveness of total

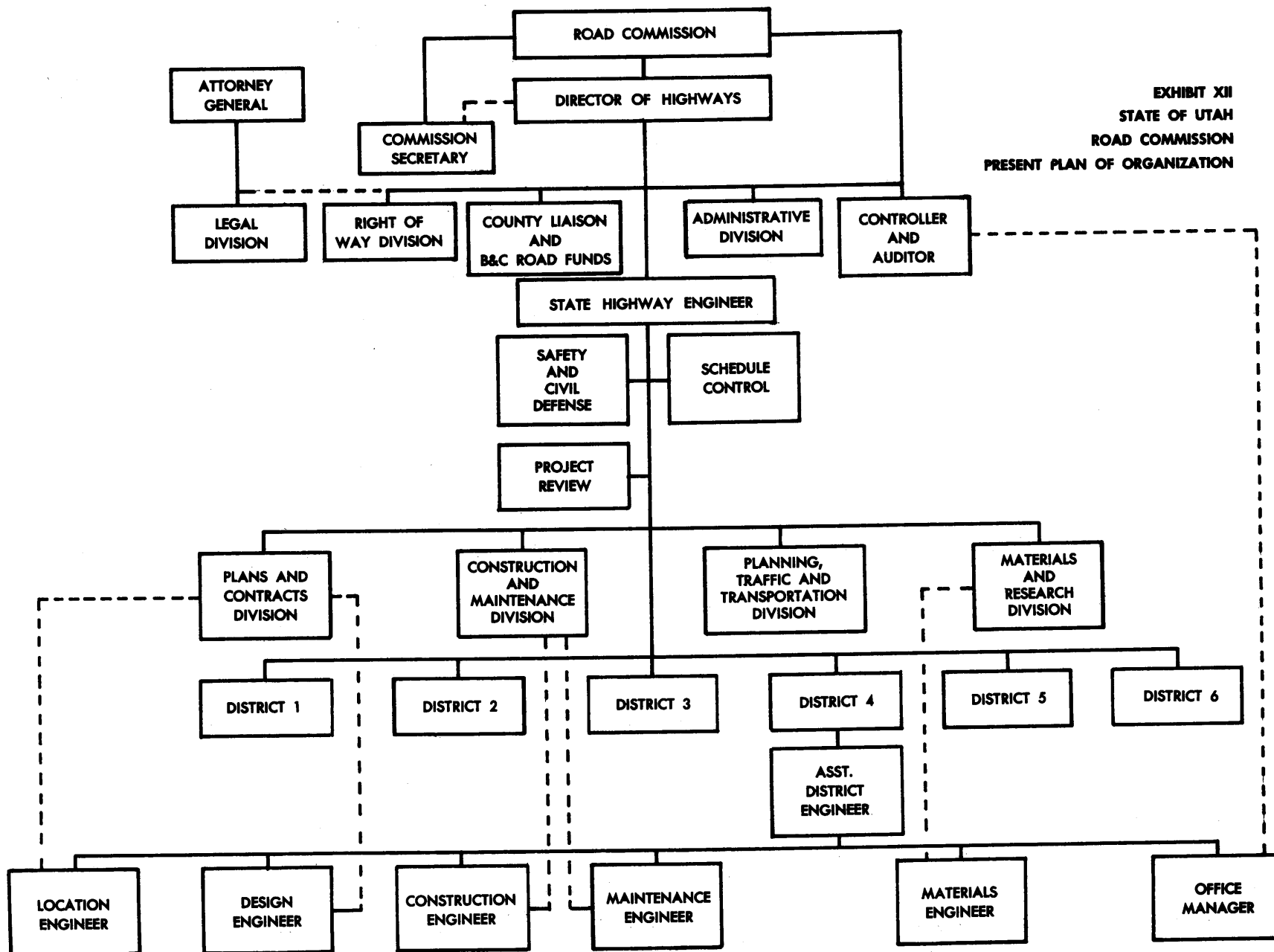


EXHIBIT XII  
STATE OF UTAH  
ROAD COMMISSION  
PRESENT PLAN OF ORGANIZATION

department operations. To correct these problems, it is recommended that reorganization take place along the lines suggested in the following recommendations.

5.1 Adopt a Line-and-Staff type of Organization Structure  
Based on Functional and Project Work Flow Relationships

In order to better meet Utah's present and future highway requirements, it is recommended that the highway department adopt a line-and-staff type of organization with groupings based on functional and project work flow relationships. Exhibit XIII shows the recommended plan.

The major feature of this plan is the separation of staff and line activities. The director of highways, as chief executive officer of the department, is responsible for the headquarters divisions which have staff responsibilities in each of the major functional areas of department operation. The deputy director is the chief operations officer of the department and is responsible for the day-to-day "line" direction of the department operations through the highway districts. Following are other characteristics of the plan.

- Functional activities and closely related programs are grouped together for purposes of pinpointing responsibility and providing better control.
- Effective spans of control of the top executives are reduced, thus permitting more effective overall administrative leadership.
- Lines of authority and responsibility are clearly established, permitting assignment of proper points of accountability throughout each level of management.
- The flow of work through the department is simplified and clarified with related programs and activities grouped together.

The recommended basic organization structure should lead to improved operations. It should eliminate existing confusion, simplify operation procedures, and expedite work flow.

## 5.2 Establish the Headquarters Division as Staff Units

Under the recommended plan of organization, the headquarters divisions are established as staff units serving the total highway enterprise. Basic duties and responsibilities of staff divisions should include the following:

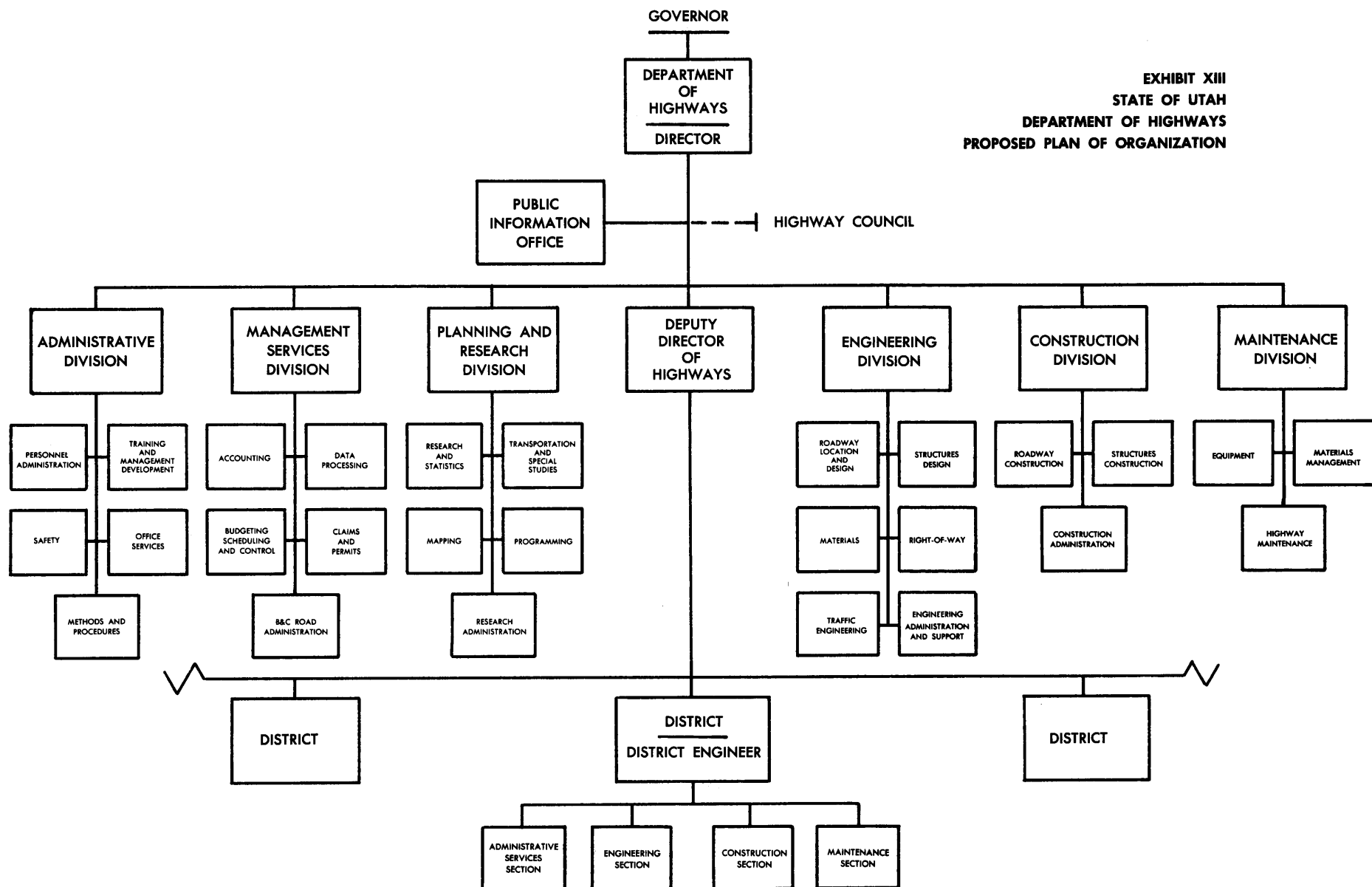
- Developing objectives, policies, plans, programs, procedures, and standard practices to be followed in the carrying out of the department's responsibilities and operations in each functional area.
- Providing counsel, guidance, and assistance to the districts in the interpretation, application, and implementation of the above matters, and in the solution of major operating and engineering problems.
- Reviewing the operations of the districts to assure performance complies with established objectives, policies, procedures, and practices; and recommending correctional action, when necessary, to the appropriate operating executive.
- Providing those services, such as funds accounting, required to support operations; and performing those functions, such as structure design and right-of-way acquisition, that can be performed most effectively and economically through one central unit.
- Serving as the department's point of liaison and coordination with agencies external to the department, such as the bureau of public roads.

The functional activities assigned to each headquarters division are outlined in the following sections.

### (1) Administrative Division

The administrative division should continue to administer personnel matters under an expanded and strengthened program and continue to provide office services to the department through a single office

EXHIBIT XIII  
STATE OF UTAH  
DEPARTMENT OF HIGHWAYS  
PROPOSED PLAN OF ORGANIZATION



services section. In addition, it should be responsible for the administration of the safety program and a recommended methods and procedures program. The methods and procedures section should develop systems and procedures to support all operating and staff functions, including the preparation and maintenance of manuals.

(2) Management Services Division

The management services division should include those functions now assigned to the controller and, in addition, those functions that relate to the budgeting, scheduling, and control of projects and work programs and an expanded system of management information analysis and reporting. Also, this division should include the claims, permits, and encroachments function.

(3) Planning and Research Division

In general highway terminology, the word "planning" has a near-term connotation and is usually applied to the development of preliminary or advance plans for a specific construction project. This type of planning is rightfully an engineering responsibility and the department has made several recent organizational moves to place these functions in their proper organizational relationship with engineering. However, the present planning, traffic, and transportation division still retains several functions that are integral parts of the engineering phase of highway development.

The recommended planning and research division should include those functions that relate to the following aspects of highway planning.

1. Research - Development of techniques and methodologies for analysis of social and economic data as a basis for establishing highway needs and requirements, and to serve as a foundation for planning.
2. Planning - Determination of long-range (10 to 20 years) highway system needs and objectives, and development of broad action plans.

3. Programming - Development of systematic, short-range (1 to 6 years) priorities and projects consistent with objective of the long-range plan.

Also, the planning and research division should be responsible for the administration of all research projects undertaken by the department, including those that are actually performed in other divisions.

(4) Engineering Division

The engineering division should encompass those functions that play a key role in the location and design of a highway. Included in this division should be: (1) the present responsibilities of the plans and contracts division; (2) right-of-way division functions; (3) materials and research division; (4) the traffic engineering section; and (5) certain functions that are still being performed in the planning and programming section. The engineering division should have staff responsibility for all phases of a highway project from the time the project is programmed until a construction contract is awarded.

(5) Construction Division

The construction division should be responsible for the pre-qualification of contractors, for assisting and evaluating the districts in the supervision of construction contracts, and for the overall administration of contracts, including the approval of change orders.

(6) Maintenance Division

Because of the present size and scope of the maintenance program and expected increases in the future, it is desirable that a top executive be responsible for this area alone. The maintenance division should include those staff responsibilities now assigned to the maintenance section.

The adoption of this recommendation would group the various staff functions into six logical divisions. Four divisions are responsible for each of the four basic steps

in the administration of a highway program: planning, engineering, construction, and maintenance. The other two are concerned primarily with the management and control of the department's two principal resources: fund and personnel.

### 5.3 Delegate Maximum Operating Responsibility to the Highway Districts

There is presently considerable variance between districts and between functions as to the amount of operating responsibility which has been delegated to the districts. Most districts have relatively significant responsibilities for construction and maintenance activities, but few districts have been given much engineering responsibility. Also, in some areas it appears that the present degree of delegation varies with the distance from headquarters.

The recommended plan of organization stresses the importance of the highway districts. They stand as key line units responsible for a broad range of field activities in engineering, construction, and maintenance of highways. While significant operating responsibilities should be delegated to the districts, their work in all areas should be performed in accordance with state-wide policies, procedures, and standards developed by the headquarters staff divisions. Furthermore they should receive considerable specialized and technical support from headquarters; and their work should be reviewed by headquarters to assure compliance with standards.

It is important, however, that within the limitations listed above, the districts be given maximum freedom to perform their functions without interference from headquarters divisions. Moreover, it is highly important that there be a central top level leadership and coordination of the effort of the districts to assure both maximum utilization of resources and ideas, and uniform management practices. Leadership is provided for in the recommended plan by establishing the position of deputy director of highways as chief operating officer. He should be responsible for the day-to-day direction of the highway program through the districts and serve as a control point for the resolution of disputes and problems between the districts and the headquarters divisions.



Thus, a key feature of the recommended plan is the delegation of total engineering, construction, and maintenance responsibility to the districts. Certain exceptions have been previously noted in the engineering area, principally in the specialized areas of structures design and right-of-way acquisition. Delegation to the districts places responsibility and authority closer to the level where the work is being performed and should provide better control and utilization of resources.

Implementation of this recommendation will require considerable strengthening of the levels and number of personnel in most districts, especially in the engineering area. Furthermore, district supervisory positions should be upgraded to reflect the increased responsibility that will occur under the proposed plan of organization.

5.4 Determine the Best Geographic Arrangement for Highway Districts and Maintenance Sheds

At present, the size and work load of the six highway districts varies considerably. As an example, the total number of employees varies from 514 in District 2 to 106 in District 3. Most district headquarters are not located centrally within their districts, thus increasing the travel time of supervisory and engineering personnel and defeating, to some extent, the basic objectives of geographic decentralization.

The district arrangement has not changed significantly since its formation many years ago. Since that time the highway system has changed considerably and many previously difficult areas, especially in the central mountains, are now accessible on a year around basis.

It is time to study the district geographic arrangement in depth to determine if workload can be better balanced and travel time and distances reduced. It appears, for example, that a more balanced work load could be achieved if the three southern districts were combined into two. The savings potential represented by such a combination can be significant since the budget for district office overhead chargeable to maintenance alone averaged \$83,000 per district in fiscal 1965.

At the same time the district arrangement is being evaluated, attention should be given to the proper number and location of maintenance sheds. Here again, there is indication of travel time burdens due to poor location. For example, one maintenance crew in District 2 maintains a section of road 45 miles from its shed, while another shed in another district is located only 10 miles away from this road section.

Some improvements in the above area have been made by department management in recent months. However, the ultimate solution lies in a comprehensive study of the problem on a state-wide basis.

5.5 Eliminate the Position of "Assistant" or "Deputy"  
Below the Division Head or District Engineer Level

At the present time, the department has a large number of "assistant" and "deputy" type positions, generally at the middle management level. It is apparent that "assistants" are being used in a wide variety of ways - sometimes with complete operating responsibility for the unit (alter ego to the executive), sometimes in an administrative assistant type of capacity, and yet other times in a coordination capacity.

The accumulation of assistants often seems to be a by-product in the growth of large, complex organizations, whether public or private. In any event, assistant type positions tend to confuse authority and obscure the responsibility of the unit's chief executive. In order to remedy this situation, it is suggested that there be but one operating head of each unit in the department. Present "assistant" type positions should be assigned specific operating or program responsibilities, and the position should be retitled to reflect such responsibility.

Implementation of this recommendation will assist in re-establishing clear lines of authority and points of responsibility. Also, considerable savings in manpower costs could result. There are approximately twenty such "assistant" or "deputy" positions authorized in the department's present plan of organization which, if all were manned, would represent approximately \$175,000 annual salary costs.

#### 5.6 Develop a Complete Policy and Organization Manual for the Department and Continue the Development of Operating Manuals

Currently, the department does not have statements of objectives and policies in a form usable by department management. In any complex organization, objectives and policies constitute one of management's most useful instruments of coordination and control. Their absence has hindered effective management of the department and inhibited effective delegation of authority.

One of the major opportunities for building a foundation for improved management in the department lies in the development, in usable manual form, of a complete statement of the department's objectives and policies. The manual should be distributed to all supervisory personnel and should be kept current on a systematic basis.

Included in the development of a policy manual should be the preparation of functional job descriptions to assure general understanding of the responsibilities of each organizational unit. Each position should have its duties and responsibilities set forth in writing to:

- Assure that work performed is directed toward organizational objectives and is consistent for each position throughout the department.
- Establish common understanding throughout the organization of individual job duties and responsibilities.
- Facilitate the evaluation of employee performance against a reasonable job standard.

Departmental management has recognized the need for complete, up-to-date, operating manuals that include state standards and other operating matters essential to the effective administration of each phase of the highway program. Two manuals have been completed and the remainder are in process. The recommended plan of organization places even greater emphasis on the need for such manuals and it is suggested that the recommended methods and procedures section in the administrative division be responsible for

completing these manuals in appropriate form.

6. REASSESS DEPARTMENTAL PERSONNEL ADMINISTRATION  
AND TAKE STEPS FOR IMPROVEMENT

Essential to the success of the department of highways are the experience, drive and imagination of its people. The size and complexity of the highway program requires exceptional engineering and management skills at all levels throughout the organization.

The previously recommended plan of organization emphasizes greater delegation of responsibility and magnifies the need for a strong management group at all levels. Moreover, the next few years will see a substantial number of retirements among the present department executives requiring the development of capable successors from middle and lower management.

There are many personnel problems which exist today that severely hamper sound departmental management. For example:

- Most top positions in the department have been filled in recent years by senior level executives from outside the department. The average length of service of the top nine executives is 8 years and only four of the nine have been with the department more than 3 years. While the department has been fortunate in attracting many of these men, the situation indicates a "thin" reservoir of promotable employees for top positions.
- There is an alarming turnover of engineering and supervisory personnel, averaging 16 percent per year during the past two years. This turnover rate is expensive in that it is costly to recruit and train replacements and the overall efficiency of the department normally suffers while new people learn their jobs.
- Many middle level management positions are presently vacant because qualified personnel are not available to fill them. For example, the present plan of organization includes the position of construction engineer in each of the six highway districts.

However, none of these positions are presently filled and, as a result there is a critical need for good supervision over the highway construction program at the district level.

- Management positions have frequently been altered to fit the capabilities of a particular individual because of the problem of attracting the right type of person to fill the position.

In short, the department is not systematically developing a competent management group at the lower and middle levels. There are several factors contributing to this problem. One of the most important is restrictive state-wide personnel policies over which the department has no control or has made little effort to change. Another is the absence in the department of many important elements of a complete, well rounded personnel administration program, especially for engineering and supervisory personnel. These problems are symptomatic of the personnel situation which pervades every department of state government. This Commission recommends, therefore, that the department of highways conduct a searching analysis of its personnel policies and practices, and take steps to correct the problems outlined above.

#### 7. INITIATE PROGRAMS TO IMPROVE HIGHWAY MAINTENANCE OPERATIONS

The department of highways employs approximately 700 men in its job of maintaining the state's highway system. About 560 of these persons are employed in "outside" road work in the repair and sign shops and in bridge maintenance operations.

The cost of maintaining the state's highways has increased 60 percent over the past 6 years. As shown in Exhibit XI, the cost of road maintenance has increased from a level of \$4.6 million in 1959-60 to \$7.7 million in 1964-65. These costs can be expected to go even higher as additional lane miles are added to the system, as highways age, and as traffic volume increases.

As a result of the survey of highway maintenance activities, several conditions relating to problem areas and opportunities for improvements are apparent. The most significant of these are outlined below.

- Average Productivity of the Road Maintenance Crews  
is Below 50% of What Might Be Expected

The principal cause for the low productivity rating among crews was idle time. However, the pace of the employees while working, which only ranged between 70% and 80%, was a contributing factor to bringing the overall effectiveness rating below the 50% level.

Typical examples of low productivity levels among work crews were as follows:

Example 1

Operation:	<u>Patch Holes in Urban Highway</u>
Crew Size:	8 Men
Number Working	4
Number Standing Idle	4
Average Work Pace	70%
Productivity Level	35%

Example 2

Operation:	<u>Pickup Trash Along Rural Highway</u>
Crew Size:	4 Men
Number Working	2
Number Non-Productive (Reading Books)	2
Average Work Pace	60%
Productivity Level	30%

Example 3

Operation:	<u>Patch Lane Along Rural Highway</u>
Crew Size:	6 Men
Time Stopped Work	2:30 pm
Productive Time Lost	9 Man Hours

- Average Productivity in the Repair Shops is Between 50% and 60% of Standard

Work sampling observations were made in the central shops to determine the level of productivity among the mechanic personnel. The studies included the truck and passenger car repair shops, heavy equipment repairs, and the welding shops.

In the shops, the work pace of the employees was generally satisfactory for vehicle repair activity, ranging between 80% and 85%. The low level of productivity was due principally to observations recorded on employees who were not working.

- Planning is Limited Mainly to Day-to-Day Work Assignments

Most of the planning occurs at 8:00 A. M. each day when the work crews meet at the sheds. At this meeting the foreman determines what should be done during the day and the crew size to be assigned (based on the number of men available). While their decisions are subject to review by the district maintenance supervisor, the foremen have wide latitude in assigning work and the work is generally started before the supervisor knows about it. On one occasion it was pointed out by the supervisor himself that his foreman had gone beyond the normal maintenance requirements of a project and was actually doing betterment work.

It was also noted that the shed foremen generally follow a practice of having "fill-in" jobs that the crews can do when they run out of work, such as: clean shed equipment, pick-up rubbish along roadside, check and straighten road signs and paint snow removal equipment. The time to do these jobs, however, is determined principally by the crews themselves. It was reported by several foremen that the work crews on occasion are sent out to find work.

- Work Crews Tend to Be Overstaffed

More men are being assigned to jobs than can be utilized effectively. Some examples of this are shown in the table below:

<u>Operation</u>	<u>Observed Assignment</u>	<u>Excess Manpower</u>
Patching	8	2
Rubbish Pick-up	4	1

Such overstaffing of work crews results in enforced idle time and is a costly, inefficient practice.

- Men and Equipment are Improperly Balanced

In each of the shed areas surveyed, cases were noted where crews and equipment were idle and waiting for trucks to bring materials. In one case, only 2 trucks were assigned to get material from a point 45 miles away from the job site. The trucks were unable to keep the job supplied with material and thus enforced idle time on a crew of 6 men.

- Work Practices are Not Standardized

Work practices are left to the knowledge and ingenuity of the maintenance foremen. This results in substantial variations in work practices between the districts and even between the sheds. For example, there are no written instructions issued on the type of salt mix to be used for snow removal. Thus, both the quality as well as the cost of snow removal is determined at the shed foreman level.

At the present time, the department does not have a maintenance policies and procedures manual. However, one is under preparation by the chief maintenance engineer and is expected to be available in 3 to 4 months.

- There are No Productivity or Cost Controls

Neither the shed foreman nor the repair shop supervisor has an effective measure of the amount of work performed in his area. What measures that exist are based on the individual foreman's judgment, which varies widely and, in any case, are unenforceable because they cannot be substantiated.



With respect to maintenance cost control, a report is issued monthly which shows a comparison of actual expenditures against budget. However, the report shows cost by district and by county, but not by shed. The report is not being used at the supervisor and foreman level as it does not provide a check on performance of the shed foreman against his budget.

- Staffing Patterns Vary Widely Between Districts and Sheds

Lane miles vary from district to district and from shed to shed and show no logical pattern of assignment. Likewise, the number of employees per lane mile varies substantially between districts and between the shed areas, a clear indication of staffing inequities. As shown in the table below, the number of employees per lane mile varies from a low of 3.5 in district 5 to a high of 9.1 in district 2.

<u>District</u>	<u>Lane Miles</u>	<u>Number of Employees</u>	<u>Employees Per 100 Lane Miles</u>
1	2,069	115	5.4
2	1,695	155	9.1
3	1,993	75	3.7
4	1,998	95	4.7
5	2,220	80	3.5
6	2,242	115	4.9

Also, district headquarter facilities are not centrally located in the districts, thus necessitating long trips between the sheds and the district headquarters. This causes excessive travel time and reduces the amount of supervision and inspection of the work that is performed in the outlying areas.

- Inventory Turns Over Less Than Once a Year

An analysis was made of the usage experience on a number of items selected at random from the stock carried in the central warehouse and in one of the district warehouses. By comparing the current inventory level with usage during 1964-65, the turnover rate fell between .7 and 1.0 times per year. Inasmuch as total inventory is about \$1 million, the present unusually low turnover rate is expensive and

wasteful.

- Obsolete Items are Being Carried in Stock

Of the 50 items selected at random from the central warehouse stock, 16 items had experienced no movement during the past year. In fact, the inventory records showed several items that there has been no activity on during the past 4 to 5 years.

The sample analysis made at the district warehouse showed essentially the same pattern as that at the central warehouse. Approximately one-third of the items analyzed had experienced no movement during 1964-65.

- The District 2 Warehouse Represents a Duplication of Inventories

Essentially the same items are carried in the district 2 warehouse stock as are carried at the central warehouse. Both of the warehouses are located in Salt Lake City, only several blocks apart. At the present time, the inventory carried at the district warehouse amounts to approximately \$100,000.

Based on the above findings, this Commission recommends that specific actions be taken to improve highway maintenance operations and thus achieve substantial reductions in highway maintenance costs. The improvement actions can be classified into two general groups.

- Improved inventory management, which can be implemented immediately.
- Increased worker productivity, which will require a more comprehensive program of development.

The following recommendations set the guidelines for such a program.

7.1 Purge Warehouse Inventories of Obsolete Items

The inventory record cards at the central warehouse and at each of the district warehouses should be checked for items on which there has been no activity during 1964-65. Where there has been no movement of an item, consideration

should be given to the possibility of eliminating the items from stock.

Each non-moving item should be analyzed to determine the reasons for the lack of activity. In some cases, it will be determined that the item is needed as a repair part for particular equipment presently in use. These items should be continued in stock. On other items where there has been no movement, especially over a several year period and it is determined that the item is obsolete, it should be removed from inventory.

Based on the sample made during the survey, the elimination of obsolete items from the central and district warehouses will reduce the capital invested in parts and supplies by at least \$200,000.

#### 7.2 Discontinue the District 2 Warehouse Operation

In addition to reducing the overall inventory of parts and supplies by an additional \$100,000, discontinuance of the district 2 warehouse will effect certain economies in manpower utilization.

- Three persons, a storekeeper and two stock clerks can be eliminated from the payroll. This will result in savings of approximately \$15,000 per year.
- Substantial employee time will be saved in that fewer trips will be made to pick up supplies. The district 2 sheds will requisition supplies directly from the source of supply and will not have to make as many return trips.

Also, it was the consensus of opinion among district 2 shed foremen that they will get better service from a central warehouse arrangement than they are presently getting from their district warehouse.

This Commission commends the department for already accepting this suggestion and moving toward the elimination of this warehouse.

#### 7.3 Establish Formal Inventory Control Procedures

The immediate goal should be to obtain a substantially increased inventory turnover rate. Each warehouse item

should be analyzed to determine the proper maximum and minimum levels to be carried in stock. The minimum balance on hand should serve as the reorder point, which should be established as a function of the usage pattern on the item and the time required for replenishment of the stock.

To facilitate the development of improved inventory procedures, it is recommended that the department do the following:

(1) Place Increased Emphasis On Contract Buying

The present practice of buying items in fixed quantities on a bid basis is creating overstocked and, in some cases, obsolete inventory conditions on specific items. Contract buying should provide greater flexibility in ordering items in smaller quantities and, if written into the contract, will permit the return of items which are not used. Specifically, consideration should be given to buying items such as tires and tubes, wiper blades, and other automotive parts on contract.

(2) Continue Present Plans to Automate Inventory Control Records

Particular attention should be directed to setting up the inventory control system so that the district warehouse inventories are properly balanced with those of the central warehouse and so that the information developed is useful from a control standpoint. The overall effort should be directed to a general reduction in the level of quantities carried in stock.

7.4 Undertake a Statewide Program to Improve Manpower Utilization

The recommended program should cover personnel in both "outside" road maintenance work and in the headquarters and district repair shops. It should include six principal steps.

(1) Re-align Shed and District Boundaries

A previous recommendation has dealt with this problem. However, it is mentioned again to point out

that the new boundaries should give consideration to the effect of the following factors on workload requirements:

- Number of lane miles
- Type of roads
- Volume of traffic
- Location of sheds and district headquarters

The re-alignment of shed and district boundaries will provide a sound basis for methods and standards work.

(2) Establish Standard Work Practices and Methods

In this step, an analysis should be made of present work requirements in the six districts to identify the jobs that comprise at least 80% of the workload. These jobs should then be analyzed from a work simplification standpoint to determine the best methods and equipment to be used in their performance. The standard work methods and equipment requirements should then be written up as a part of the highway maintenance manual.

(3) Develop Time and Crew Standards for the Various Jobs

The standards should be based on stop watch time studies or "guided" estimates by foremen and should take into consideration the many variables, principally the weather, that effect time requirements.

On the basis of the time requirements established, standard crewing patterns should be developed for each type of job. These determinations should be coordinated with the equipment requirements and used to develop formal methods and time standards for the various jobs.

(4) Develop and Install Planning and Scheduling Procedures

Using the methods and time standards that are developed, master schedules should be prepared for jobs that can be planned. These schedules should show the work to be done, the approximate time interval between occurrences, the equipment, materials, and manpower that are required, and the standard time allowed for its completion. The master schedule should be set up so that "as needed" maintenance can be incorporated into the schedule in order of priority. Provision should also be made for breaking the master schedules down into detailed weekly work plans for the shed foremen.

(5) Train Supervisors and Foremen in the Application of the New Techniques

The training should consist of both classroom sessions and on-the-job training in the use of the new planning and scheduling techniques. Specifically, the program should include instruction in maintenance work practices, standards application, and cost control concepts.

(6) Install Performance Measurement and Cost Control Procedures

A part of this effort should be directed toward the development of appropriate types of inspection for auditing the quality of work performed. Once this is accomplished, a performance reporting and cost control system should be developed, based on the information and control needs of the various organization units.

Where possible, the system should be integrated with the present departmental accounting and data processing operations to insure that the system makes maximum use of existing capabilities. For example, the present monthly report that shows actual expenditures against budget could be integrated into the new system but should be revised to show data by sheds instead of by counties.

At the extremely low productivity levels observed during the survey, it is not unreasonable to expect an improvement in productivity of 40% to 50% over the existing level. This would bring the level of utilization to around 70% to 80% of standard, which is the generally acceptable level for this kind of work. As shown in the following tabulation, such an improvement in productivity can reduce personnel requirements in highway maintenance operations by approximately 200 people, which amounts to potential savings of \$1,000,000 per year. This is a conservative estimate.

#### POTENTIAL PERSONNEL REDUCTIONS IN HIGHWAY MAINTENANCE

	Present Staff* June 1965	No. of Men Required at 40% Improve- ment	Potential Crew Reduction
District 1	115	82	33
District 2	155	110	45
District 3	75	53	22
District 4	95	68	27
District 5	80	57	23
District 6	115	82	33
Central Shops	65	48	17
	<hr/>	<hr/>	<hr/>
Total	<u>700</u>	<u>500</u>	<u>200</u>
	<hr/>	<hr/>	<hr/>

\*Does Not Include Summer Employees

Understandably, emphasis in recent years has been placed on the locations, right-of-way, and construction phases of department of highways operations in order to program and construct highways within the time allotted under the federal aid program. It seems appropriate at this time, however, to launch a concerted effort to improve the economy and efficiency of the highway maintenance operations. Adoption of these recommendations will make it possible to develop operating goals based on how maintenance work should be done rather than how it has been done.

### BENEFITS TO UTAH

The recommendations set forth in this report represent basic changes in organization structure as well as cost reduction and performance improvement opportunities in maintenance operations.

Adoption of the organization recommendations will mark Utah as one of the most progressive states in the management of a highway program. Substantial short and long term benefits can be achieved in the form of improved management effectiveness and greater utilization of the financial and personnel resources so critical to the need for more and better highways throughout the state.

The implementation of the maintenance recommendations will improve the level of highway maintenance and provide conservatively \$1 million in annual savings at the present level of maintenance spending. More importantly, in light of the imminent future increase in maintenance requirements, failure to adopt these recommendations could result in excess costs of \$2 to \$3 million per year by 1975.

The time is ripe for significant improvement in Utah's highway organization and operations. Bold actions are required if the state is to achieve sound management of this important function. Leadership is required to provide better highways for a growing state. Most importantly, the state must seek out good managers who are not concerned with tradition, but who are encouraged to innovate, experiment and instill new methods. Unless this kind and quality of management is developed, Utah can well lose millions of dollars in the years ahead.



## VIII. HEALTH AND WELFARE SERVICES

Four major existing state agencies provide a range of services that, in one way or another, touch the lives of every Utah resident. These agencies are public welfare, employment security, health, and corrections. On a combined basis, these public service agencies spend approximately \$50 million per year on welfare benefits, unemployment insurance payments, health services, and correctional services relating to juvenile and adult offenders. The present plan of organization for health and welfare services in Utah is set forth in Exhibit XIV.

- Public assistance is received by some 35,000 residents and medical payments are made to over 100,000 people.
- There are about 20,000 firms and over 200,000 workers under the unemployment insurance benefit program.
- Over 50,000 employment placements are made annually by the state agency.
- Health policies have broad application to virtually every activity involving human health and well-being.
- Two correctional institutions and rehabilitative programs effecting thousands of offenders constitute a significant state program.

While Utah is in the rather unique position of having the predominant religious organization providing substantial welfare and other services to its membership, the size and scope of state programs cannot be discounted. These are important state functions and expensive ones in terms of state and federal contributions and the impact of the various programs on the total state of Utah.

## CONCLUSIONS

On the basis of its review of public service organization and operations, this Commission has come to several broad conclusions,

as follows:

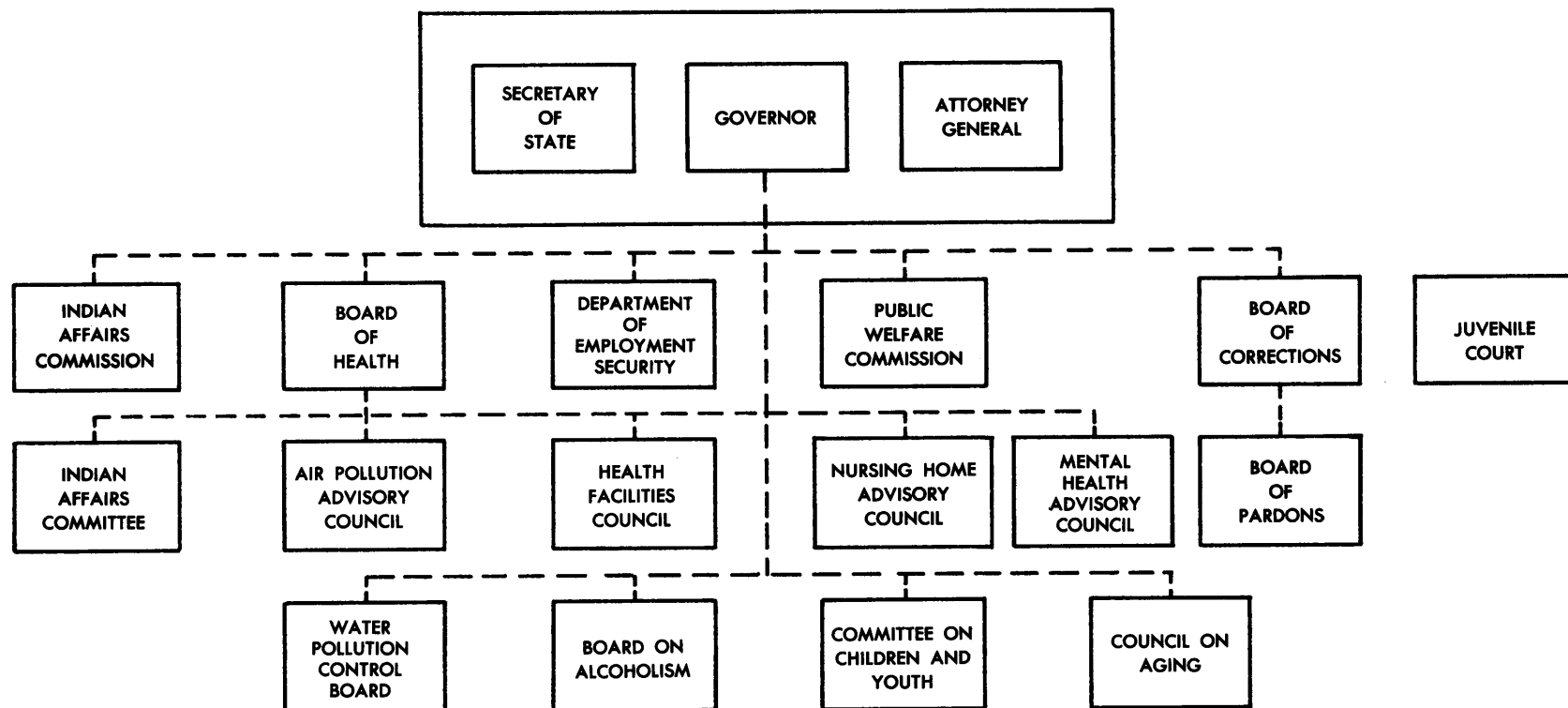
- The quality of management is generally good, but present organizational arrangements inhibit fully effective management.
- Functions and institutions sometimes are misplaced.
- The commission form of administration suffers from its inherent weaknesses.
- A variety of councils and committees provide public participation but clutter organizational responsibilities.
- Certain critical programs are not sufficiently emphasized from an organizational standpoint.
- Supervisory effectiveness varies from good to very poor.
- There is a strong tendency to seek additional people instead of improved management.

In addition to these general conclusions, a single major concern stands out in sharp relief. Although dozens of services are available to the people, there is no mechanism for assuring that the right kind and quality of service is provided an individual or a family. Each agency and sub-agency is interested basically in its own program, keeps its own records, and provides its own services--but no agency is involved in analyzing the total social and health problems of individuals and families and bringing all the specialized resources of the state together in order to solve the problem. Until a directed, total approach is used toward solving the individual problems of our citizens, state government can be expected to grow in an unplanned manner and to provide services that are not entirely effective.

### RECOMMENDATIONS

Three of the agencies under consideration in this report are provided significant assistance from the federal government, ranging from 100% payment for administration of employment security, 60% for welfare, and somewhat less for health. When some other agency is paying the bill, there is a human tendency to look less critically at departmental operations. This tendency should be resisted at all costs if government is to be responsive

EXHIBIT XIV  
STATE OF UTAH  
HEALTH AND WELFARE SERVICES  
PRESENT PLAN OF ORGANIZATION



to the actual needs of the people--and if we are to seek an effective, dynamic, and reasonable cost operation.

The following recommendations are designed to tighten and rationalize the organization for critical services to the public and, at the same time, to provide a practical means for the overall management of these functions.

1. ESTABLISH AN OFFICE OF COMMISSIONER OF HEALTH AND WELFARE SERVICES

It has been noted more than once, that the governor has little management influence within the state government--except, of course, through his own personal influence and the weight of his office. This condition is no less true in health and welfare functions as it is throughout the balance of the government. Yet there is a pressing need for the governor's policies, in these particularly sensitive areas, to influence the course of health and welfare services to Utah's people. In order to accomplish this objective, it is recommended that a commissioner of health and welfare services be appointed to exercise top management responsibilities in these functional areas. This officer should be appointed by the governor and serve at his discretion.

Major responsibilities of the commissioner should be:

- To develop a directed, consistent approach to health and welfare services, with emphasis on seeking out total state requirements and providing services that will treat and solve the range of problems of individuals and families.
- To develop an information system that can quickly identify the nature, extent, and status of all problem cases and permit an individual, specialized approach to each.
- To manage the group of agencies in such a way that a premium is put on dynamic management, vigorous action, and continuing evaluation of progress.
- To emphasize concrete planning, penetrating analysis of problems, and specific results.

- To develop priorities of action and resources.
- To reward creativity, to encourage an attitude of demanding management, and to weld the organization into a cohesive service group.

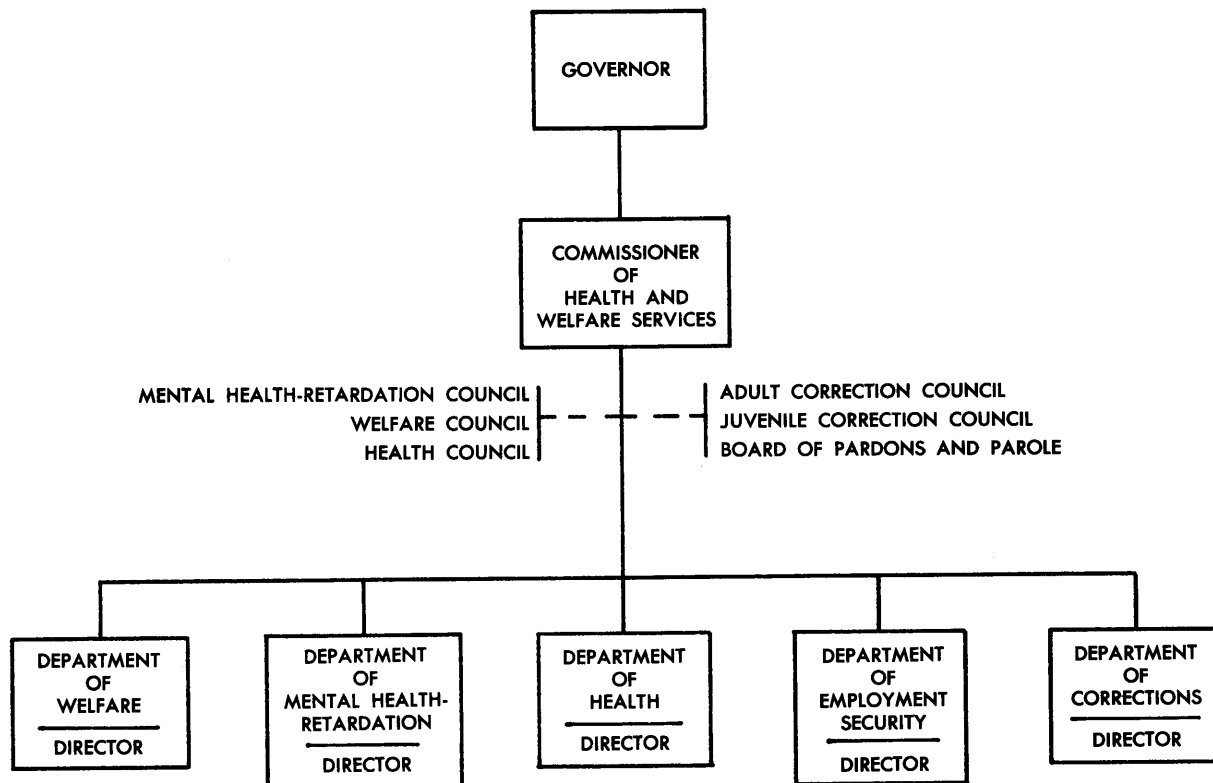
These are substantial responsibilities that will require a first-rate administrator who can cut through the massive amounts of red tape, indifference, and reliance on traditional programs rather than on new ways of identifying problems and solving them. Therefore, what is required is an individual who has had an outstanding history of success in managing people and accomplishing significant results in difficult and complex fields.

## 2. ORGANIZE FIVE DEPARTMENTS UNDER THE COMMISSIONER OF HEALTH AND WELFARE SERVICES

In order to bring a directed, more effective approach to total health and welfare needs of Utah's citizens, it is important to group together those agencies which deal with people most directly. The commissioner should have a small, highly skilled staff that can provide good analytical assistance for the management effort. He should call on the office of budget and administrative services for management analysis and budget evaluation assistance. Additionally, consideration should be given to employing an institutional analyst who can work with all health and welfare institutions to achieve maximum effectiveness and specific economies. Five departments, as described in Exhibit XV, are recommended:

- A welfare department, carrying out traditional public assistance functions in dealing directly with the client, whether a child, handicapped or aged individual, or destitute family.
- A health department, involved in setting health policies for the state and providing certain direct services to crippled children and other groups.
- A mental health-retardation department, in order to highlight and come to grips with a problem that is plaguing our society.
- An employment security department, which carries on the employment placement function, as well as the unemployment compensation program.

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- A corrections department, which provides an integrated approach to the juvenile and adult corrections problem.

A word regarding the recommended department of mental health-retardation is in order. Though the present department of health has statutory responsibility for the physical and mental health of Utah citizens, in fact, both program and institutional responsibilities are scattered through both the health and welfare departments. The problems of mental health and mental retardation have been the subject of intense national interest and debate in recent years. From an organizational standpoint, there has been much heat, but little light generated on the subject. There is general agreement, however, that mental health and mental retardation problems are large, complex, and extremely sensitive. To highlight these problems, therefore, and to encourage the state to get moving in this important area, this Commission recommends a separate mental health-retardation department.

3. ELIMINATE THE PUBLIC WELFARE COMMISSION AND  
APPOINT A DIRECTOR OF WELFARE

The present membership of the public welfare commission are individuals of good will and competence. They individually and collectively have made substantial contributions to a welfare program that generally is held in high esteem within and outside Utah. However, the commission presently is locked into a system of management that, by definition, cannot accomplish the job to be done in a fully effective manner. Full-time administrative commissions, though still apparent in some jurisdictions, are anachronisms that must give way to modern concepts of management if progress is to be made. Therefore, this Commission, as in other cases where administrative commissions exist in state government, recommends elimination of the public welfare commission and appointment of a fully qualified director of welfare.

The recommended director of welfare should be a successful, seasoned administrator who has demonstrated the ability to lead professional personnel, to challenge his staff, and, most importantly, to manage complex activities vigorously and effectively. The director may or may not be a professionally trained social worker. A professional background in social work, while valuable from a program standpoint, is no guarantee of management capacity. Therefore, the emphasis should be on the individual, his reputation, and his capacity for effective management.

In order to provide a healthy, connective liaison with the public, a citizen welfare council is recommended. Its duties should include the following:

- To provide guidance and assistance to the welfare director.
- To review welfare plans and programs.
- To recommend policies and future courses for the department.
- To analyze department budgets, conduct departmental budget hearings, and recommend revisions to the welfare director and the commissioner of health and welfare services.
- To recommend selection of a welfare director.
- To advise and recommend courses of action to the commissioner of health and welfare and the governor in the event welfare programs are being administered in violation of established policy.
- To conduct hearing appeals when eligibility and other matters cannot be resolved by county boards.

The welfare council, a bi-partisan group, should be appointed by the governor upon recommendation of the commissioner of health and welfare services. It should be composed of leading citizens who collectively can make important contributions to the program.

4. RECONSIDER THE ROLE AND APPROACH OF STATE ADMINISTERED PUBLIC WELFARE PROGRAMS

Stated simply, the purpose of welfare programs is to give assistance to people in trouble -- the aged, infirmed, children, blind, disabled, and broken and impoverished families. To accomplish these purposes, a variety of programs have been developed, including commodity distribution, work projects, assistance payments, adoption and foster home placements, and medical assistance.

In order to carry out these basic welfare programs, a rather elaborate administrative structure has been developed and some 600 staff members have been employed, thus making the present welfare



department the second largest in state government. Of the total staff, only about 250 professionals are involved on the firing line with welfare clients. This staff, in turn, is directed by some 65 local supervisors in 26 county offices. Additionally, in certain instances, there are about eight layers of supervision separating the caseworker from central administration at the capitol. Analysis of these facts has led this Commission to certain inescapable conclusions:

- A ratio of 1.5 or more back-up workers to each case worker in the field is excessive. A more appropriate ratio would be 1.5 professionals in the field supported by one or less back-up worker.
- The artificial division of responsibilities between case workers and child welfare workers does not permit the most effective use of professional personnel.
- The county form of welfare administration is outmoded, costly, and inefficient; however, citizen county welfare boards serve a useful purpose in conducting hearings and providing guidance and advice to the professional staff.

These are serious and fundamental problems and should be given attention prior to consideration of matters of overall departmental organization. The following recommendations are offered:

4.1 Constantly Analyze the Field Operations Balance and Emphasis

If it is agreed that the entire focus of the various welfare programs must be on services to welfare clients and positive rehabilitative programs where feasible, it is clear that the front line professional staff that provides such services should be considered as the most important element of the entire welfare organization. Every effort, therefore, should be made to get trained workers into the field in order to get the job done. At the same time, in order to conserve resources and to assure a tightly organized and staffed department, it is important to keep supporting personnel to a minimum. Many organizations which provide professional services consider one supporting position to each client staff member to be an acceptable standard, though by no means

outstanding. This Commission believes that the welfare department should strive for an even more stringent standard.

#### 4.2 Use Field Casework Personnel in the Most Effective Ways Possible

Traditionally, welfare caseworkers have been concerned with either: (1) providing services to families; or (2) child welfare services. Thus, over the years, a distinct division has developed in programs, organization, staffing, and approaches to each of these functions. This split approach occurs throughout the welfare organization.

It appears to this Commission that if the overall objective of the department is to help people in trouble, that the distinction between public assistance and child welfare is artificial. For example, successful work by a child welfare worker must take into consideration the total family situation. Similarly, a public assistance worker, in developing a program for the family must take children into account.

The present practice of basing welfare organization and caseworker assignments on the categories of assistance being given has three major drawbacks: (1) it fails to focus casework on the family unit; (2) it fails to assign total responsibility to caseworkers for success in working with all family members in solving their problems; and (3) it does not permit the most effective and flexible use of qualified staff.

This Commission recommends that the department adopt the principle of flexible caseload assignment in actual work with clients and as a concept which underlies departmental organization. While implementation of this recommendation will be resisted by traditionalists, several benefits should accrue to the department: (1) increased continuity of service to the client by reducing case transfers and shared cases; (2) improved staff development by exposing caseworkers to a broader spectrum of social problems; and (3) increased staffing flexibility and simplified administrative controls.

Finally, it should be noted that services to children are of a highly specialized nature and the department should continue to recruit such specialists. They should be used,

however, as specialists to help upgrade caseworker staff performance and to improve services to children.

4.3 Eliminate the County Form of Local Welfare Organization and Administration

Although the welfare program in Utah is state administered, it has been a traditional practice to provide welfare services out of offices located in each of the state's counties. Though welfare workers at the local level are state employees, their offices are referred to as county welfare departments. This Commission concludes that:

- County organization tends to limit the view of welfare as a state-wide problem.
- Supervision becomes more difficult and its effectiveness tends to vary with the distance from the capitol.
- It is not practical or feasible to staff small offices adequately.
- There are considerably too many county directors and clerical/secretarial positions at the local level in relation to the total welfare problem.

Utah is a large state of great beauty, vast distances, and awesome natural boundaries. Though its 29 counties are important political sub-divisions, county geographical arrangements bear no reasonable relationship to the scope of the welfare problem. Thus, it is recommended that the welfare department take advantage of Utah's natural boundaries and its highway system to develop a system of regional welfare offices that is designed to put the operating organization close to the welfare problem.

Though development of a regional organization will take some detailed study and analysis, it is of sufficient importance to be a priority matter. As a starting point, the following regional and district arrangement is suggested.

Region I	Salt Lake City/ Tooele
Region II	Ogden (District 1 - Logan)
Region III	Provo (District 2 - Richfield) (District 3 - Cedar City) (District 4 - Vernal)
Region IV	Price (District 5 - Blanding)

Under the suggested arrangement, there would be four major regional offices and five smaller district offices to service the state's present welfare case load within reasonably convenient distance of each office. It is quite evident that a revised approach to geographical organization on the local level presents a significant opportunity for better service, substantially lower costs, and more effective management of the total welfare program. It is estimated, on a conservative basis, that \$250,000 annually could be saved by moving into a regional organization. This can be achieved by consolidating clerical/secretarial services, eliminating the need for as much rental space, and eliminating several director-type positions.

#### 4.4 Retain County Welfare Boards

In a program as sensitive as welfare, it is important to retain citizen involvement as a necessary support to the professional staff. Local citizens are acquainted with the local situation and can provide insight and specific knowledge about welfare cases. Therefore, it is recommended that county boards be retained and function essentially as they do now.

Although there is no need for administrative offices in each county, there should be limited space available in county court houses that caseworkers can use for client interviews on a "circuit rider" basis.

#### 5. STRUCTURE THE WELFARE DEPARTMENT INTO A COHESIVE FIELD ORGANIZATION SUPPORTED BY FOUR STAFF OFFICES

At the present time, there is much confusion regarding reporting relationships, extent of responsibility, and the role of the supervisor. Part of the confusion results from complex federal requirements in most program areas and part results from an organizational structure that strives but fails to achieve an orderly

approach to its task. Symptoms of present problems are as follows:

- The tying together of field supervision and program planning (family services) confuses an operating with a supporting service role.
- The myriad of separate programs are seldom consolidated with existing programs but rather added to an already cumbersome structure.
- The present role of the child welfare worker is not always understood in the field.
- The excess of supervisors tends to bewilder the caseworker, particularly the new one.

The present welfare staff and the public welfare commission recognize that the present plan of organization is simply not getting the mileage out of the departmental staff that is required to meet today's difficult circumstances. Already, they have taken steps that are consistent with the following proposals as outlined in Exhibit XVI.

5.1 Organize a Distinct Operating Structure to Effectively Carry On the Day-To-Day Work With Clients

It is of utmost importance that everyone in the welfare organization, as well as those outside, understand and recognize that operating responsibilities are separate and distinct from the responsibility for providing supporting services. An effective operating organization in the department is the key to the success of the welfare program in Utah. Therefore, it is recommended that the department set up and implement an operating organization having the following characteristics:

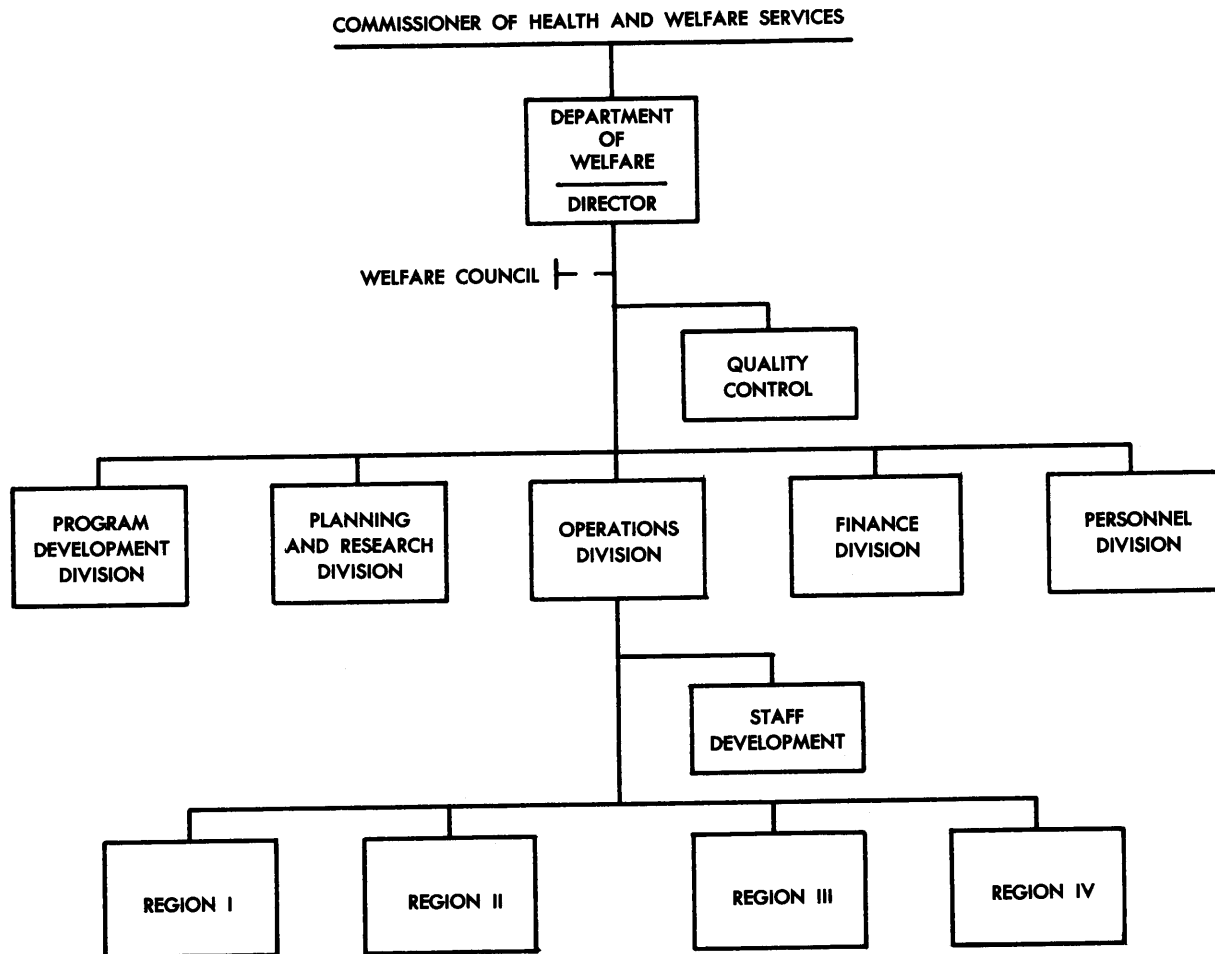
- Total operating responsibility, of course, should be assigned to the director of public welfare.
- Reporting to the director in a staff capacity would be the quality control group, which audits the quality of casework on a sample basis. This group should be strengthened, up-graded, and staffed with senior staff members who are superior analysts and acknowledged first rate professionals. The quality control function should go beyond federal requirements

in both breadth and depth of analysis. Information developed by this unit should provide a good additional basis for evaluation of performance and identification of soft spots in the operation.

- Assisting the director and reporting directly to him, would be a deputy director for operations who would have direct responsibility for managing field operations on a day-to-day basis.
- The deputy director would exercise his management responsibilities through four regional directors. Assisting the deputy director in his management of field operations would be a supporting service office reporting directly to him:
  - . The staff development unit, which should be not only carrying on professional development programs, but assessing staff strengths and weaknesses and planning, with the deputy director, for short and longer range professional staff requirements.
  - . The four regional directors would operate in much the same fashion as the present six field supervisors. However, since field operations would be consolidated, the task of direction and overall supervision would be considerably more manageable.
- Regional organization should take into account case-load and distances. It should preserve the one to five supervisory ratio goal sought by the federal government in welfare programs throughout the nation. However, future regional organization should seek to provide a higher quality of grass roots supervision of the basic casework effort.

It will be important to give significant study and analysis to the matter of local organization at the regional and district level. The major emphasis in all cases, of course, is to be on actual casework services with welfare clients and good supervision of the casework effort. At this stage in Utah's development, it would probably be a mistake to staff regional

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offices with a variety of program specialists which today, can be better provided out of central headquarters. As the regions develop, however, it may be useful to staff such offices with child welfare and other specialists.

Particular attention should be given to the organization and staffing pattern of the present Salt Lake County office (proposed Region 1). Covering almost half of the state's caseload, this office should set the organizational framework and pattern for the remaining regional operations. An early analysis in depth should be made in order to determine optimum structure, professional and support staffing, procedures, paper flow, and management controls. Additionally, a close analysis of the unusually high supervisory ratio is clearly required.

## 5.2 Establish a Division of Program Development

Currently, the department has a variety of organizational units that are directly or indirectly involved in the development of programs to be carried on in the field, including: family services, children services, and medical services. In addition, the field supervision staff has been mixed into program development by virtue of their former organizational relationship with the division of family services.

Program development as a concept and activity is the single most important service in support of field operations. It should be noted, however, that this function has never been staffed to perform the range of specialized services that fully effective field operations require. It is recommended, therefore, that a division of program development be established as a supporting service office directly responsible to the director of public welfare. Major organizational elements within this office would include:

- A program section, eventually staffed with specialists in each of the department's major program areas, such as: aging, handicapped, foster care and adoption, families with dependent children, etc. Presently, the child welfare specialists and other program specialists should be assigned to this office.

The program group would serve the department's field organization as a trained resource cadre in



policy and program interpretation. More important, this group's principal function would be to assist the field management group to upgrade casework and casework supervision at the local level.

The program unit should visit all field offices on a pre-planned and consistent basis in order to provide the kind and quality of specialist service required for effective field operations.

- A staff services section, to include policy interpretation, manual preparation and revision, and such other services as may be required.
- A medical services unit, essentially the same as now constituted.
- A special programs section, bringing together a variety of programs now carried on by the department, such as: commodity, food stamp, work projects, and work experience and training (poverty program).

Finally, this Commission suggests that serious consideration be given to the establishment of an indian affairs unit within the division of program development or the inclusion of an indian affairs specialist within the program section. Such a unit should include the functions currently being performed by the indian affairs commission. Until relatively recently, there has been little organized effort to come to grips with the indian situation. Many organizations claim an interest, but little is done. The welfare department, however, has been working on a very effective basis with the Navajos on a hogan replacement program that is attracting national attention. Therefore, it seems logical that a directed effort to improve, in a substantial way, the lot of Utah's indians, is an entirely proper move.

### 5.3 Organize a Division of Planning and Research

Welfare is universally known to be a difficult, sensitive, and sticky problem. Though much research has been carried on to solve aspects of the problem, much more is needed-- particularly since the nature and scope of the welfare problem varies from state to state and even from community to community. Thus, a strong planning and research effort is

required in Utah's welfare department. Past research efforts in the department have included the normal range of statistics accumulation and, on occasion, some interesting and effective work in program evaluation and caseload management. It is recommended that the department's planning and research efforts be broadened and intensified to include:

- Developing quantitative short and long range program objectives susceptible of sound evaluation.
- Forecasting caseloads by major program, as well as income and expense projections.
- Analyzing the characteristics of welfare clients and the success--or lack of it--of different programs dealing with different kinds of clients.
- Conducting specific research projects which can give the department a sounder basis for developing action programs, such as: (1) what types of families return to the welfare rolls after becoming self-supporting; or (2) do child welfare cases tend eventually to become public assistance cases and can this be prevented?

Although it is acknowledged that the department is moving toward a broadened research effort, even additional impetus is required.

#### 5.4 Establish Divisions of Finance and Personnel

The remaining two supporting service organizations, under the recommended plan of organization, would remain essentially as they are today.

The division of finance would envision a title change from the present division of accounts as being more descriptive of the work to be done. This division should draw on management analysis capabilities in the budget agency to assist it in evaluating departmental business-type activities.

The division of personnel should operate in about the same way as it has in the past. This division should be involved in the full range of personnel activities across the department. The head of this division should continue to give energetic attention

to the serious problem of turnover in the welfare department. This problem is so serious that almost 20% of the department's staff turned over between July 1 and October 1, 1965. It is concluded, however, that the turnover problem in welfare is symptomatic of the more serious personnel administration problem that the entire state government faces.

6. TRANSFER EXISTING WELFARE INSTITUTIONAL RESPONSIBILITIES TO OTHER, MORE APPROPRIATE ORGANIZATIONAL UNITS

At the present time, the welfare department is legally responsible for the administration of several institutions, as follows:

- The state tuberculosis hospital, an institution which clearly carries on a health program.
- The state hospital, for patients with mental illness problems.
- The state training school, for the mentally retarded.
- Day care centers for the handicapped (mentally retarded).
- The state industrial school for juvenile offenders.

It is this Commission's recommendation that the tuberculosis hospital be transferred to the department of health, and that the state hospital, training school, and day care functions be transferred to the proposed department of mental health-retardation. The state industrial school, although there are different schools of thought on this subject, would be more appropriately placed in the proposed department of corrections and it is so recommended.

The recommended transfer of institutions away from welfare is no reflection on past administration of the institutions. On the contrary, it is based on a recognition that similar functions belong together organizationally. Finally, it is our contention that the welfare department is responsible for solving one of the more persistent and pressing problems in Utah and should address itself full-time to this problem.

7. GIVE INCREASING ATTENTION TO EVIDENT ADMINISTRATIVE PROBLEMS

During this Commission's review of welfare department organization, several operational and administrative problems were observed. These were sufficiently serious to merit close and further study by the department, as follows:

- A common problem throughout state government is well recognized by the department--the problem of space. Since even Salt Lake City departmental operations are scattered over several locations, it is virtually impossible to manage the organization with any degree of effectiveness. Over the long term, the department should try to consolidate the entire state headquarters group and Salt Lake area (proposed Region I) field operations.
- Approximately 100 case records were reviewed during the course of the work on organization. In the preponderance of cases, the records were lengthy, rambling, repetitive, and not always informative. Since case records are the tools of the trade in social work, it is inconceivable how a case, at this time, can be followed with any degree of effectiveness without endless reading and re-reading of materials. Moreover, in the event a caseworker left or a case was transferred to another worker, it would be extremely difficult to pick up the case with any degree of effectiveness. Serious thought should be given to simplification of such records, using summaries, and graphic devices for charting case progress.
- In reviewing departmental manuals and observing field operations, the volume, diversity, and complexity of forms, paperwork and paper flow was astounding. Although federal reporting and other requirements are considerable, the state department of welfare has contributed its fair share (or more) to the paper blizzard. It is past time to carefully review all procedures in detail and to develop a scientific approach to methods and forms improvement. Such an approach would be a massive task and would require extensive use of methods engineers, installation of entirely new

office techniques, and implementation of fairly sophisticated training and work measurement programs.

A program of the kind referred to above would have the salutary effect of permitting caseworkers to spend substantially more time on their actual cases. It has been estimated that the average caseworker spends between 30% and 40% of available time on direct client work, the remainder being spent in meetings, shuffling paper, case recording, and the like. The department should not be satisfied, however, until caseworkers are spending 75% or more of their time trying to solve case problems and rehabilitating the clients for whom they are responsible.

- The department should develop a creative and simplified approach to administration. Examples of such an approach include: (1) experiment with mail forms instead of personal visits to old age recipients; (2) develop uniform administrative policies and procedures for all adult aid programs; (3) simplify paperwork requirements for recipient status changes and (4) give thought to development of a single, simple formula for repayment of incorrect welfare payments. It is estimated that a thorough study of manpower requirements, procedures, policies, paperwork, and the like would save \$500,000 annually.

One final point should be noted. In reviewing the department's system of performance evaluation, we urge that consideration be given to more demanding evaluation at all levels. As the most critical example--the department's programs will succeed or fail on the collective and individual competencies and energies of its caseworkers. Supervision and evaluation of caseworkers, therefore, should go beyond the random notice of human relations effectiveness and case record accuracy, but should include systematic visits with caseworkers, on a sample basis, to client homes. Although there are those who will say that such an approach is not professional, that the caseworker will get uneasy, and that the client will become nervous, we seriously question that effective evaluation of caseworker performance will ever become more than a theoretical exercise unless such an approach is taken. Social work and welfare services are too important not to set challenging

goals and to expect first rate, effective efforts at all organizational levels so that goals can be achieved.

Welfare administration has come a long way during its 30 years as a part of our national life. The emphasis, however, is changing. Programs are expected to achieve positive results instead of just keeping the lid on the problem. The total welfare problem may never be solved but sound organization and effective management can make significant inroads on it. Concepts in this section such as flexible case assignment, regional organization, and stringent evaluation of performance can help foster a dynamic, progressive program that can make Utah second to none in this field.

8. ORGANIZE THE DEPARTMENT OF HEALTH INTO THREE  
BASIC OPERATING DIVISIONS AND THREE SUPPORTING  
SERVICE DIVISIONS

The present department of health has some 200 employees and an annual budget of over \$1 million. Its overall mission--to protect and promote the health of the people in Utah--is a significant state objective of continuing concern. The department is quite well organized and directed and has attracted a number of highly qualified staff members to state service. In reviewing the present plan of organization of the health department, this Commission concludes that:

- A policy board of health is not essential to the effectiveness of departmental programs--however, citizen participation and guidance is appropriate and required.
- The functions of mental health and retardation, at this stage of development are ancillary to departmental objectives and require special attention.
- Health functions provided by other state departments need consolidation within the health department.
- Consolidation of present departmental functions seems feasible and desirable.
- The new medical care program sponsored by the federal government will require specific organizational attention.

The following recommendations are offered to strengthen and improve the state-wide health efforts of the department.

8.1 Redesignate the Board of Health as a Health Council

In order to preserve healthy citizen participation in government and yet, promote effective management of important state programs, it is recommended that a health council, bi-partisan in nature, be appointed by the governor. The council should perform the typical duties assigned to state councils as outlined in Chapter 15.

8.2 Eliminate Departmental Responsibility for Mental Health and Mental Retardation

The health department has a big, important job. The programs relating to mental health and retardation, though certainly health oriented functions, are sufficiently different from most health programs to warrant separate handling. Additionally, and most compelling to this Commission, is the fact that the nation is just now starting to come to grips with these complex, difficult problems. It would seem desirable, therefore, to develop an organizational framework which will promote and encourage a directed, concerted approach to the problem. The fact that the majority of states are moving or have already moved in this direction is not persuasive to this Commission--the scope and extent of the problem itself prompts this recommendation.

8.3 Develop a Plan of Organization that Identifies the Three Principal Operating Functions of the Department

In reviewing departmental programs, it seems apparent that these activities can be broadly grouped into three principal operating functions: (1) health services; (2) medical care services; and (3) local health services.

Thus, the department is providing a range of health services in the fields of communicable and chronic diseases, as well as providing services relating to the environmental health of Utah's people. Additionally, other medical and dental services are provided to children, as well as adults. Two other major programs require organizational attention: medical care services, a federal program which is certain to

have major state implications and; local health services, covering those services provided by the state in cooperation with local units of government.

Each of these major programs is important and each should be given organizational identity as major operating functions. It is recommended that each of the three operating programs be assigned division status and organized in the following ways as shown in Exhibit XVII.

#### Division of Health Services

This division should be managed by a deputy director and organized into four major units, each having a relationship to the department's health services program.

- A preventive health services section, carrying out programs of prevention and control of chronic diseases, venereal disease, intestinal infections, polio, etc. The public health veterinary health service, now carried on by the department of agriculture should be transferred to this section because of its relationship to the surveillance and control of a variety of communicable diseases that affect humans. Included in this section should be a distinct tuberculosis unit because Utah has been selected as the first state for programmed elimination of the disease and thus, requires separate treatment. Related to this unit should be the state tuberculosis hospital, now located in the welfare department.

Long range consideration is being given to the future of the tuberculosis hospital. With a census of only 30 to 40 patients and per capita costs that are on the high side, it would seem that this institution is marginal. As space becomes available in the new medical center, it would seem advisable to transfer this function into modern facilities.

- A maternal and child health services section, carrying out essentially the same functions as now performed.



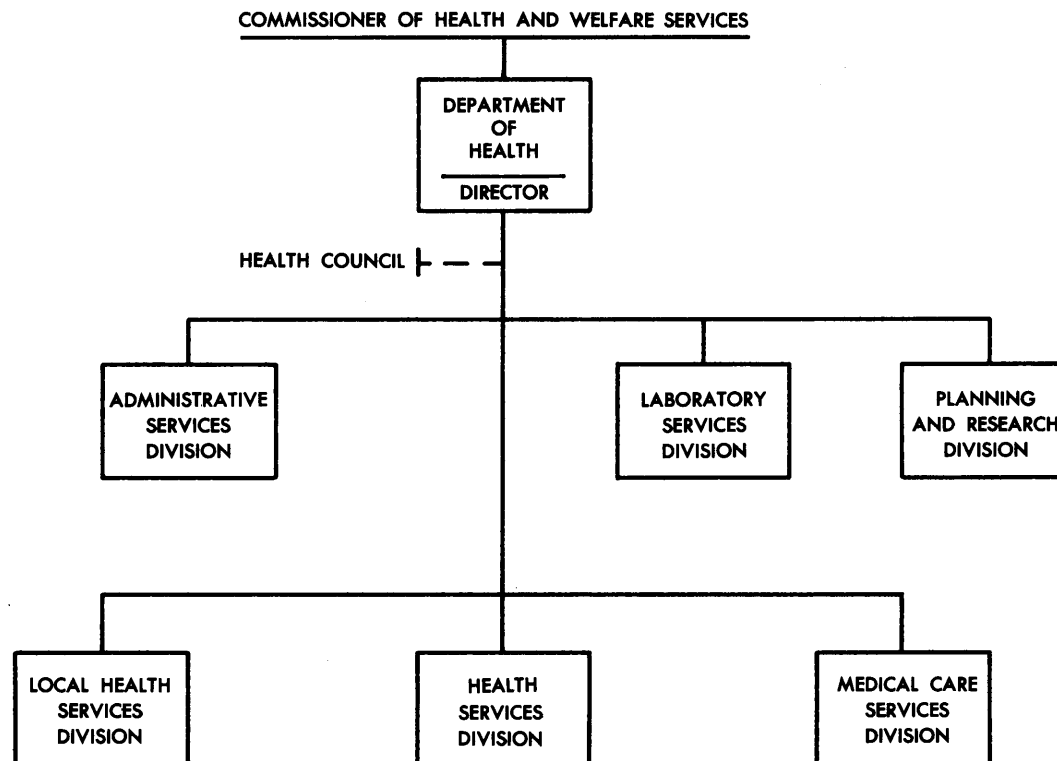
- A dental health services unit, providing educational and other services across the state.
- An environmental health section, including a sanitation unit responsible for enforcement of state sanitary standards relating to garbage, sewage, schools, restaurants, etc. A public health engineering unit, which would bring together functions now served by two sections (public health engineering and industrial hygiene sections) and including such functions as: water pollution, public water supply, air pollution, and radiological health. It is recommended that this section have principal responsibility over water sources relating most closely to human use--those sources characterized as municipal and culinary water. Those water sources directly related to recreation should be the responsibility of the department of natural resources regulation. Where water is used for both purposes, health standards should prevail. It is further recommended that the water pollution control board be abolished, as unnecessary.

A food and drug unit, for the establishment and operation of investigative, inspection, and testing programs to protect the public from adulterated, misrepresented, or impure food and drugs. This function is presently performed by the department of agriculture. It should be transferred to this division because of its obvious implications to a sound program of public health.

#### Division of Medical Care Services

This division should include the functions of hospital and medical facilities licensing and area wide planning that are now being carried on. Additionally, the new medicare functions, as it relates to inspection and certification of service-providing facilities (Title 18) should be assigned to this division. At this point, it is impossible to forecast the extent of the impact that the medicare law will have on Utah's health department. Without question, however, there will be a significant impact that should be provided for organizationally.

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PROPOSED PLAN OF ORGANIZATION



### Division of Local Health Services

This division should include health education, community relations, emergency health mobilization, and nursing functions. As the emphasis on increasing state-local cooperative programs grows, this division should provide a suitable framework for other programs to be developed in the future.

#### 8.4. Organize Three Divisions in Support of Basic Departmental Programs

In order to provide the kind of support required for effective departmental operations, three staff divisions are recommended as follows:

- A division of administrative services, carrying out the range of personnel, budget, purchasing, and related activities as are now being performed.
- A division of laboratories, expanded by transferring the present department of agriculture laboratory function to this division.
- A planning and research division, including the vital statistics function, as presently constituted.

The proposed plan of organization for a reorganized department of health reduces the director's management span from eleven to six division heads, but more importantly, it groups similar functions in a rational way and will encourage a more consistent approach to the management of important health programs.

#### 9. ORGANIZE A DEPARTMENT OF MENTAL HEALTH-RETARDATION

In order to make real progress in the sensitive problem areas of mental health and mental retardation, this Commission believes it is essential to organize a separate department and to consolidate all major functions having to do with the total problem. Until this is done, state efforts will be disjointed and largely ineffective.

Although this Commission consists of laymen, so far as the mental health-mental retardation field is concerned, we have been

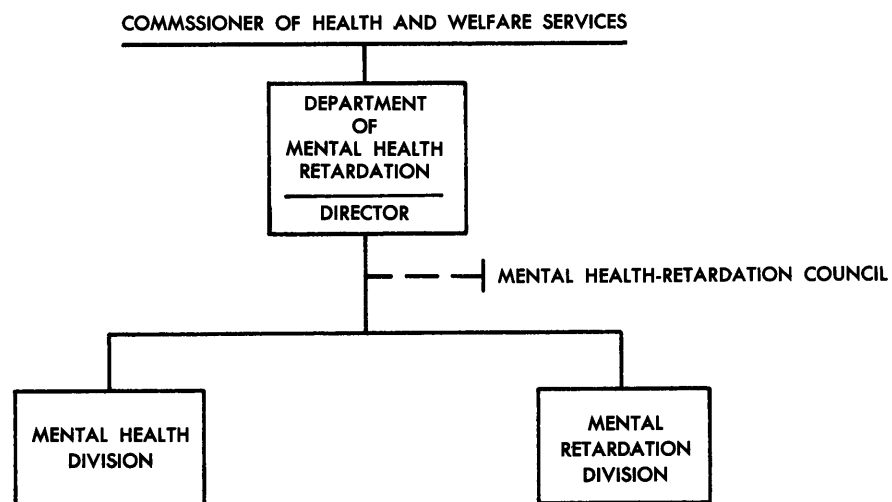
impressed with the inability of experts in these fields to define the essential differences, as well as the similarities between each field. It is concluded, however, that there are differences in origin, evaluation and treatment. Therefore, until additional light, some time in the future, is shed on the subject, separate divisions of mental health and mental retardation are recommended as shown in Exhibit XVIII. Each division, however, should provide the same kinds of services for their respective clientele, as follows:

- In-patient services, which includes hospitalization at the state hospital (mental illness) and the state training school (mental retardation). This section also would handle arrangements with local hospitals for in-patient care.
- Out-patient services, including services through mental health clinics and day care centers.
- Community services, a community organization and education function, to interpret the purposes of mental health-retardation programs and to organize the community to meet the needs.

In order to achieve the recommended reorganization, it will be necessary to transfer present institutional responsibilities from the welfare department. Additionally, it is felt that departmental leadership responsibilities should be assumed by a qualified psychiatrist-administrator who can understand the scope and nature of both programs through long exposure to them. Finally, there should be appointed a mental health-retardation council with regular council responsibilities as defined in Chapter 15. It should be a further responsibility of the council to assure that program and budget balance between the two programs is appropriate.

The department of mental health-retardation should not aspire to largeness and complexity as a measure of importance in state government. Rather, it should be a relatively small, but highly trained and specialized group of professionals who can devote substantial time to defining and pinpointing the actual need for mental health-retardation services and developing specific plans to meet legitimate needs. In the development of such plans, it is to be hoped that entire reliance on the state or federal government to solve the problem should be avoided and that Utah use its strong sense of community obligation and involvement to assist in problem solution.

**EXHIBIT XVIII**  
**STATE OF UTAH**  
**DEPARTMENT OF MENTAL HEALTH-RETARDATION**  
**PROPOSED PLAN OF ORGANIZATION**



10. INCLUDE THE DEPARTMENT OF EMPLOYMENT SECURITY  
IN THE HEALTH AND WELFARE GROUP

The present department of employment security is neither fish nor fowl. It is a department of state government, yet is fully financed by the federal government. It has a responsibility that runs to the industrial commission and yet, its relationships with the federal government's regional office are considerably more meaningful. Present departmental organization seems reasonable, with three major divisions of employment service, field operations, and unemployment insurance.

The operating organization is supported by the typical range of staff services, except for the industrial and employment planning section, which is fairly unique. This service, until the recent advent of the industrial promotion commission, was really the only industrial development function in state government and should be preserved so long as the federal government will support the function.

While specific organizational recommendations would be meaningless at this time, this Commission believes that the inclusion of employment security functions under the health and welfare umbrella makes good sense. Employment or the lack of it is one of the important factors contributing to the general welfare of the people. Thus, the employment function belongs with those other functions which are concerned with people and their welfare.

11. ABANDON BOARD OF CORRECTIONS CONCEPT AND  
ESTABLISH PROFESSIONALLY DIRECTED DEPARTMENT  
OF CORRECTIONS AND ADULT CORRECTIONS COUNCIL

Correctional programs in Utah usually have escaped public attention or legislative scrutiny except for periodic problems which have cropped up at the prison or industrial school. Prison riots, inmate stabbings, and runaway delinquents generally have captured the public's eye. Investigations have resulted and certain program or operational changes proposed. However, serious thought and attention to the overall strengths and weaknesses of the correctional process as it now functions or the direction the state should be taking in regard to correction administration have been noticeably absent. As a result, the following questions still remain unanswered:

- . What is the best organization for management of the state's adult and juvenile correction programs? Should closer relationships be developed between these now separate activities?
- . Is there need for a more unified approach to probation, incarceration, parole, and treatment services needed by offenders of all ages?
- . What responsibility does the state have for correctional activities of local units of government?
- . Are present institutions and services adequate for meeting the diversified needs in these areas?
- . What new programs are necessary to arrest the growth of our prison population and provide more effective treatment services?

This list is not meant to be exhaustive. Other significant questions remain. However, this Commission has sought to provide some basic answers so as to provide for the kind of correctional system which will permit maximum rehabilitation and public protection for the least possible cost.

Utah's adult correction program, including the state prison and probation and parole services, have been placed under the close direction of a seven member, part-time administrative commission. The commission now meets on a monthly basis and has been authorized by law to:

- . Supervise and control general policies and fiscal affairs of the prison and department of adult probation and parole.
- . Make and enforce all rules for the prison and appoint agency heads.
- . Classify prisoners and make regulations in regard to food, rations, clothing, and bedding.
- . Determine the quantity, quality, and price of materials made in the prison.

In practice, this board has further interpreted their duties to include detailed approval of pay raises, purchases and comprehensive investigations of and reports on various phases of prison operations. Each member has assumed responsibility for overseeing some particular activity such as finance, building programs, or prison industries.

Examination of board minutes, interviews, and attendance of board meetings substantiates the fact that the board has given only marginal attention to development of long-range goals or critical evaluation of correctional programs, problems, and employee performance. Although the board employs an executive director, his role in overall administration is overshadowed by the board's detailed involvement in agency operations.

Considering that the state's adult correctional program now embraces 700 inmates, 1300 probationers and parolees, and over 200 employees, this Commission has concluded that the existence of a part-time lay board of seven members, meeting monthly to run the state's adult correction system is inadequate for the task at hand. The board concept of management in the field of corrections prevents the kind of planning, administration and problem solving needed. The board is too large to function effectively, has been extremely slow in deciding matters and overly concerned with administrative minutiae. Turnover among board members has been high since during the last seven years, 14 different members have served on the board. Therefore, valuable time has been spent in "educating" new board members.

The board of corrections should be abolished and its duties and functions transferred to a department of corrections headed by a single administrator appointed by the governor and confirmed by the senate. Because effective correction administration should be professional in nature, minimum qualifications for the position should be established by law. These requirements should include a minimum of five years of prior experience in the correctional field, an established record of high character, and education at least equivalent to college graduation.

The director should be given complete responsibility for planning, controlling, and evaluating departmental operations. Appointment and removal of the head of the adult probation and parole division, the warden, and other division heads should be a managerial responsibility of the director subject to merit system provisions.



To assist the director in the formulation of long-range correctional goals and policies in the adult offender program and to provide the public with a voice in correctional administration, it is recommended that a five men adult correction council be created. Members of this council should be appointed by the governor for staggered four year terms. Major functions of this council should correspond to those described for advisory councils in Chapter 15.

The existence of such a council composed of five top community and state leaders should provide effective guidance to the director, especially in the implementation of those rehabilitative programs having significant public impact.

#### 11.1 Revise Name, Selection and Compensation of Board of Pardons

In 1951, the legislature changed the form, structure, and personnel of the board of pardons. Qualifications and appointments to this three man board are determined by the board of corrections. Appointees serve without salary except for \$25 per diem allotment.

The workload of this part-time lay board is considerable. The board meets generally twice a month and hears well over 10 cases each meeting. Additional time is spent preparing for board hearings.

Under a department of corrections concept, the appointment of board members will require change. Appointment to this board should be made by the director of corrections with staggered 6 year terms of office. Removal should be only for "cause." The board should be renamed the board of pardons and parole since its functions encompass more than just official release from legal punishment. Parole, in fact, is an extension of the "prison walls", and, therefore, does not constitute complete release.

Although some advocate development of a full-time board of pardons and parole composed of persons with training in social or correctional work, the continuance of the part-time lay board still has merit in Utah. This board does perform a critical quasi-judicial function and renders valuable service to the state. As such, the compensation of board members

should be revised upward to more clearly reflect the importance of the task and the time which is actually spent with board matters. This board is responsible for determining the date and conditions of release of almost 700 inmates during the course of a year, a task of significant proportions and far reaching consequences.

#### 11.2 Transfer Administrative Responsibility for the Industrial School from the Department of Welfare to the Department of Corrections

Development of a unified and more integrated correctional process for adult offenders is an emerging trend in some states. Institutions for juveniles are not usually administered by a department of corrections because of the distinctions usually made in juvenile court laws and philosophy of juvenile court services as to delinquency and crime. However, juvenile and adult institutional care, and parole are all elements in the correctional process. Many offenders pass through each stage of this process, both as a juvenile and, thereafter, as an adult.

There is need for a more central and coordinated approach to the entire correctional process -- and an administrative structure which allows the public, legislature, and governor to evaluate the state's total efforts in this area. To help achieve such an objective, it is recommended that responsibility for the industrial school be transferred from the department of welfare to the department of corrections.

#### 11.3 Establish a Youth Correction Council

The distinct differences between juvenile offenders and adult felons should be thoughtfully regarded and provided for in the departmental organization. The problems, needs, and hazards to society arising from these different age groups require separate attention and programs. There is need to insure that juvenile correctional programs are not governed or influenced by the philosophy of an adult correctional program. Therefore, it is recommended that a youth correction council be created to advise the director of corrections in matters relating to the industrial school and juvenile treatment services. This council should be composed of five members appointed by the governor and include one representative from the department of welfare, juvenile court, department

of public instruction, legal profession, and the general public.

The advisory council should meet on a regular basis to hear reports from the director of corrections and superintendent of the industrial school. It should be responsible for maintaining the integrity of programs directed at the confinement, discipline, education, employment, and reformation of the juvenile offender.

11.4 Assign Responsibility for All Juvenile Probation and Parole Services to a Division of Juvenile Probation and Parole Services

Probation services for juvenile offenders are presently performed by officers appointed by the district judge of each of the five juvenile judicial court districts. A director of probation service is under the general administration of each respective judge and is responsible for supervising the work of other officers, recommending improvements of court services, collecting statistics, and issuing reports requested by the court. The industrial school also maintains a staff of caseworkers which functions as both counsellors and parole officers for juveniles residing at and released from the school.

Probation and parole-type services have much in common since both are designed to bring about the social adjustment of the juvenile offender by discovering and correcting the course of illegal or antisocial behavior patterns. Although both are integral elements of the juvenile correctional process, these services are performed by separate administrative agencies. To provide uniformity in the overall performance of these services and treatment of the many juveniles who pass successively through probation, commitment to the industrial school, and parole, this Commission recommends that administrative responsibility for these activities be assigned to a division of juvenile probation and parole services in the department of corrections.

Consolidation of probation and parole services for juveniles under one administrative officer should reap for the state the same benefits which have accrued from consolidation of adult probation and parole programs -- uniformity in recruitment, training, and development of

probation and parole officers; continuity in the rehabilitative services provided; pooling of staff resources; standardization of methods, procedures and record keeping tasks; and relieving judges of many time-consuming administrative tasks.

#### 11.5 Establish an Administrative Services Division

Under the existing plan of organization, budgeting, accounting, purchasing, personnel services, and other administrative tasks are dispersed among different organizational units in the prison, industrial school, and adult probation and parole department. These functions should be grouped in an administrative services division in the proposed department of corrections. The division should provide the following services:

- . Provide internal management support to the director of corrections.
- . Initiate and prepare operating and capital budgets in cooperation with operating units and control approved work programs.
- . Review and process all department expenditures and revenues and account for all financial transactions.
- . Perform purchasing activities in coordination with the state's central purchasing division.
- . Perform personnel management functions.
- . Conduct research and statistical studies.
- . Provide other routine administrative services.

Consolidation of these activities in an administrative services division, responsible directly to the director, offers significant opportunities for reducing costs by eliminating functions presently being duplicated and standardizing common administrative practices.

#### 11.6 Create a Research and Statistics Section to Serve All State Correctional Programs

If Utah is to develop a first-rate correctional program, attention must be placed on planning, research, and uniform collection of statistical data. These efforts are needed since many accepted correctional practices are based either on tradition or prevailing opinion rather than on hard data and tested scientific knowledge. Research programs are needed in order to support or refute existing practices and develop new correctional approaches and programs. Coupled with this effort must be a centralized, continuing, and uniform collection, interpretation, and reporting of statistical data.

Correctional research should not be considered only an academic exercise and thus relegated to universities and special institutes, bureaus, committees, or foundations. Research projects should be of primary concern to the correctional agency itself. It is recommended that a research and statistics section be created within the administrative services division to perform the following functions:

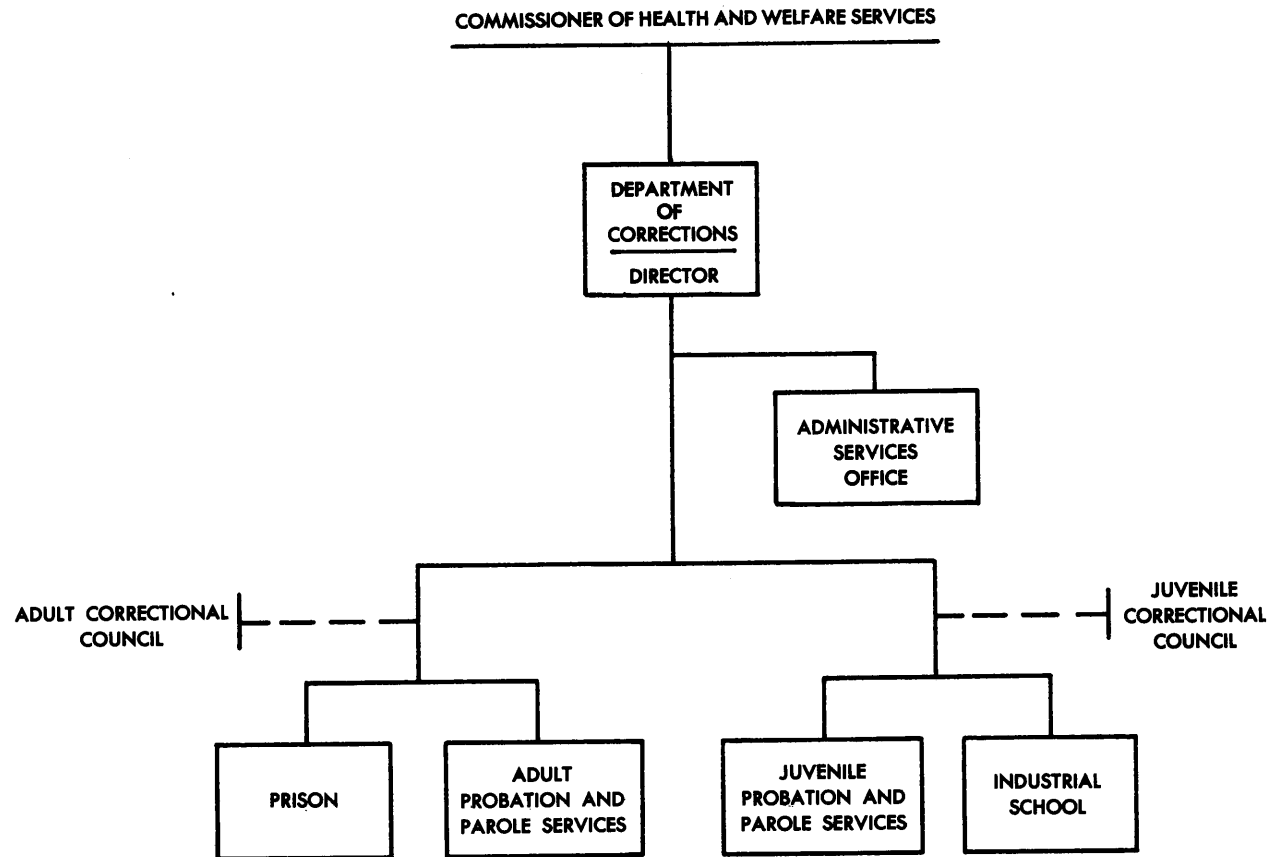
- . Develop and conduct specific research projects.
- . Stimulate and assist correctional researchers from educational institutions, private agencies, and other public bodies.
- . Evaluate the efficiency of correctional measures.
- . Collect, analyze and report statistical data.

This section should carefully study the effectiveness of probationary, institutional, and parole services and assume responsibility for developing new knowledge and creative programs through the systematic study of departmental programs and supplying statistical information covering the characteristics and movement of the criminal population. Statistics should be kept on referrals, release, length of institutional care, per capita costs, reasons for institutionalization, profile of average offenders, and other important matters. Such information is extremely important to measure the effectiveness of correctional programs --- and a system is needed to insure that statistical data is reported, compiled, and analyzed.

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graph TD; A[COMMISSIONER OF HEALTH AND WELFARE SERVICES] --> B[DEPARTMENT OF CORRECTIONS  
DIRECTOR]; B --> C[ADMINISTRATIVE SERVICES OFFICE]; B --> D[ ]; D --- E[ADULT CORRECTIONAL COUNCIL]; D --- F[ ]; D --> G[ ]; G --> H[PRISON]; G --> I[ADULT PROBATION AND PAROLE SERVICES]; G --> J[ ]; J --> K[JUVENILE PROBATION AND PAROLE SERVICES]; J --> L[INDUSTRIAL SCHOOL]; D --- M[JUVENILE CORRECTIONAL COUNCIL];
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The organizational chart for the Department of Corrections is structured as follows:

- COMMISSIONER OF HEALTH AND WELFARE SERVICES** (top level, connected by a horizontal line)
  - DEPARTMENT OF CORRECTIONS**
    - DIRECTOR** (connected by a vertical line)
    - ADMINISTRATIVE SERVICES OFFICE** (connected by a vertical line to the right of the Director's line)
    - ADULT CORRECTIONAL COUNCIL** (connected by a dashed line to the left of the main vertical line)
    - JUVENILE CORRECTIONAL COUNCIL** (connected by a dashed line to the right of the main vertical line)
    - PRISON** (connected by a vertical line to the left of the main vertical line)
    - ADULT PROBATION AND PAROLE SERVICES** (connected by a vertical line to the left of the main vertical line)
    - JUVENILE PROBATION AND PAROLE SERVICES** (connected by a vertical line to the right of the main vertical line)
    - INDUSTRIAL SCHOOL** (connected by a vertical line to the right of the main vertical line)



At the outset, research and statistical programs for the proposed department of corrections should be staffed by a single, highly qualified professional.

12. GIVE ATTENTION TO IMPORTANT OPPORTUNITIES FOR CORRECTIONS PROGRAM IMPROVEMENT

Other organizational, managerial and program problems which require shoring up are:

- . Training opportunities for correctional personnel, especially probation and parole officers, should be expanded.
- . Casework loads of adult probation and parole officers should be evaluated to see if they can be lessened. Currently, these officers are handling an average of 100 plus work units --- twice the load recommended by a national standard setting agency. The size of this workload is such as to hamper effective supervision of probationers and parolees.
- . Development of more diversified and comprehensive treatment services, particularly psychiatric help, and improvement of detention facilities should be explored.
- . The state's responsibility in setting standards for all correctional institutions and insuring that minimal treatment programs are available should be defined and followed through.

Attention to these problem areas should be given priority if the state is to develop correctional programs that do the job that must be done.

BENEFITS TO UTAH

After reviewing the functions discussed in this chapter, this Commission believes that there has been a waste in effort, resources, and results by proceeding on the basis of scattered programs, each trying to achieve similar results. The proposed plan of organization can provide the basis for effective management and evaluation of progress toward solving some of the most difficult problems known to man. The sooner that the state moves in this direction, the better for its people.

## IX. PUBLIC SAFETY SERVICES

Traditionally, state government in Utah has been actively engaged in programs designed to protect its citizens. Although these programs are diverse in nature, what may be broadly termed as public safety services have evolved to include: police protection and highway safety; motor vehicle and driver regulation; military and civil defense; and fire prevention and protection. During the past fiscal year, close to \$4,000,000 was spent by the state in these areas.

Pressures are rapidly mounting which will place an additional strain on the state's ability to meet the various needs of its public safety programs -- pressures which, in the main, are outside the realm of direct state control. Major factors causing pressures for additional protection and regulatory services are:

- . Rising crime rate which has been increasing faster than population. From 1963 to 1964, population increased an estimated 1% while major crimes rose 10%.
- . Significant increases in the number of motor vehicles on state roads, licensed drivers, traffic injuries, and fatalities. During the past five years, for example, traffic fatalities in Utah have increased by almost 60%.
- . Accelerated expansion of the state's highway construction programs and corresponding patrol responsibilities. Interstate highways will expand from 150 miles at present to 850 by 1972.
- . Renewed emphasis by the federal government on the development of emergency plans for man-made and natural disasters.

These pressures will seriously tax the imagination, resourcefulness, and overall effectiveness of the personnel and financial resources currently committed to public safety programs in Utah.



## CONCLUSIONS

On the basis of its fact-finding and analysis, this Commission has reached the following conclusions on the organization and management of Utah's public safety services.

- Although the state has made progress in consolidating some of its public protection services in a department of public safety, other important safety programs are still scattered among various organizational units.
- The commission form of organization with its inherent administrative weaknesses interferes with the operational effectiveness of several public safety programs and services.
- Internal organization of most agencies is poorly conceived, unduly complex and requires restructuring.
- Comprehensive and continuing training programs for personnel in critical service areas have been neglected.
- Certain public safety functions have not received proper organizational emphasis.

These problems serve to dilute the effectiveness of the state's public safety and protection programs.

## RECOMMENDATIONS

Significant opportunities exist for Utah to upgrade the organization and management of its public safety programs. The following recommendations are offered by this Commission to correct the obvious deficiencies of the present situation and to identify further areas for improvement.

### 1. ESTABLISH A POSITION OF COMMISSIONER OF PUBLIC SAFETY

High level attention to and overall coordination of the state's law enforcement, motor vehicle and driver regulation, fire prevention, and civil and military defense programs cannot be achieved under the present organizational framework.

These activities are presently dispersed among seven separate, and generally unrelated, commissions, boards, and departments.

Exhibit XX sets forth the present plan of organization for public safety services in Utah.

In order to correct this situation, this Commission recommends that authority for top-level management and coordination of public protection programs be placed with a cabinet level position, commissioner of public safety; and that the commissioner be appointed by the governor, with senate confirmation, and serve at his discretion.

To provide an organizational structure which will clearly provide for the overall management and coordination needed, it is recommended that the commissioner of public safety be assigned top level responsibility for the following services: highway patrol; motor vehicle and driver regulation; national guard; civil defense; and fire prevention and protection. Exhibit XXI presents the plan of organization proposed for public safety services in Utah.

Implementation of this recommendation should be considered a prerequisite for effective management of these essential public protection programs.

## 2. CREATE A SEPARATE DEPARTMENT OF HIGHWAY PATROL

In 1951, the highway patrol was placed in the department of public safety, under the supervision and control of a commissioner. As a result of this reorganization, the patrol has been assigned divisional status along with driver licensing, financial responsibility, criminal identification and the Utah safety council. The patrol's broad responsibilities include: enforcing laws and regulations relating to the use of state highways; regulating traffic on all state roads; assisting the governor in cases of emergency; and cooperating and exchanging information with other law enforcement agencies.

Upon careful review, this Commission concludes that the responsibilities between and among top officials in the patrol does not encourage sound management of this important function. The following major problems exist:

- . Unity and chain of command within the uniformed patrol have become somewhat disrupted. Decisions concerning operational matters of the patrol have been made by both the commissioner and superintendent with little coordination between the two offices. As a result, some confusion exists as to the proper line of authority for management of the highway patrol.
- . Creation of the post of "deputy commissioner of public safety" which also functions as assistant superintendent of the highway patrol is difficult to justify. The existence of this position prevents the superintendent from selecting his top administrative aide and further confuses lines of authority and responsibility within this agency.
- . Police-type activities of a service nature, such as criminal identification records and the recently started law enforcement teletype system, have been placed outside of the administrative jurisdiction of the patrol.
- . Internal organization of the highway patrol does not now recognize the need for coordination of central staff services, proper grouping of line and staff functions, and a reasonable span of control for the superintendent.

In light of these problems and the clear need for separate organizational identity for the highway patrol, this Commission recommends that the department of public safety be discontinued in its present form and that a separate department of highway patrol be created. Exhibit XXII sets forth the pattern of organization for this department. Further recommendations regarding the patrol, its organization and management, are offered below.

## 2.1 Exempt Position of Superintendent from Civil Service System Coverage

Under present merit system regulations, the superintendent of the highway patrol is appointed by the commissioner of public safety from a list of eligibles established by promotional examination. The superintendent must be

**EXHIBIT XX  
STATE OF UTAH  
PUBLIC SAFETY SERVICES  
PRESENT PLAN OF ORGANIZATION**

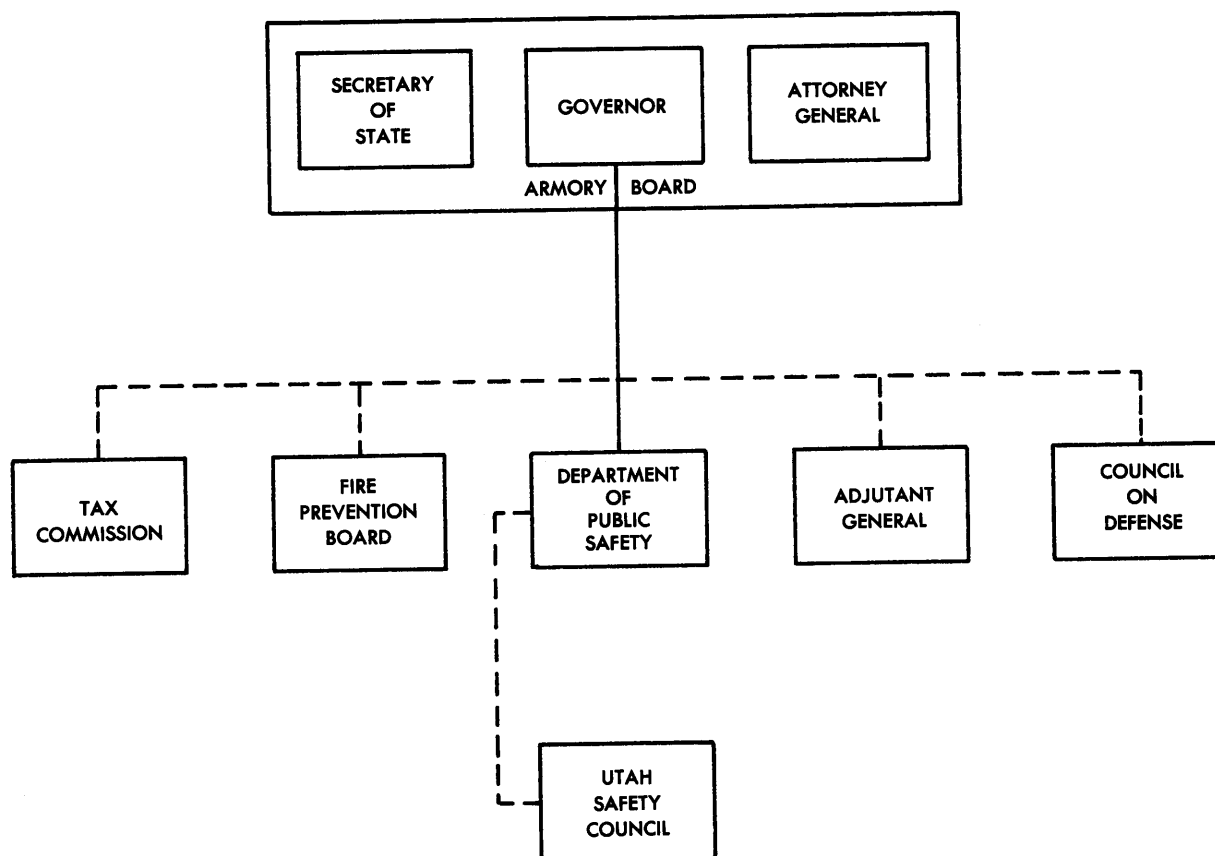


EXHIBIT XXI  
STATE OF UTAH  
PUBLIC SAFETY SERVICES  
PROPOSED PLAN OF ORGANIZATION

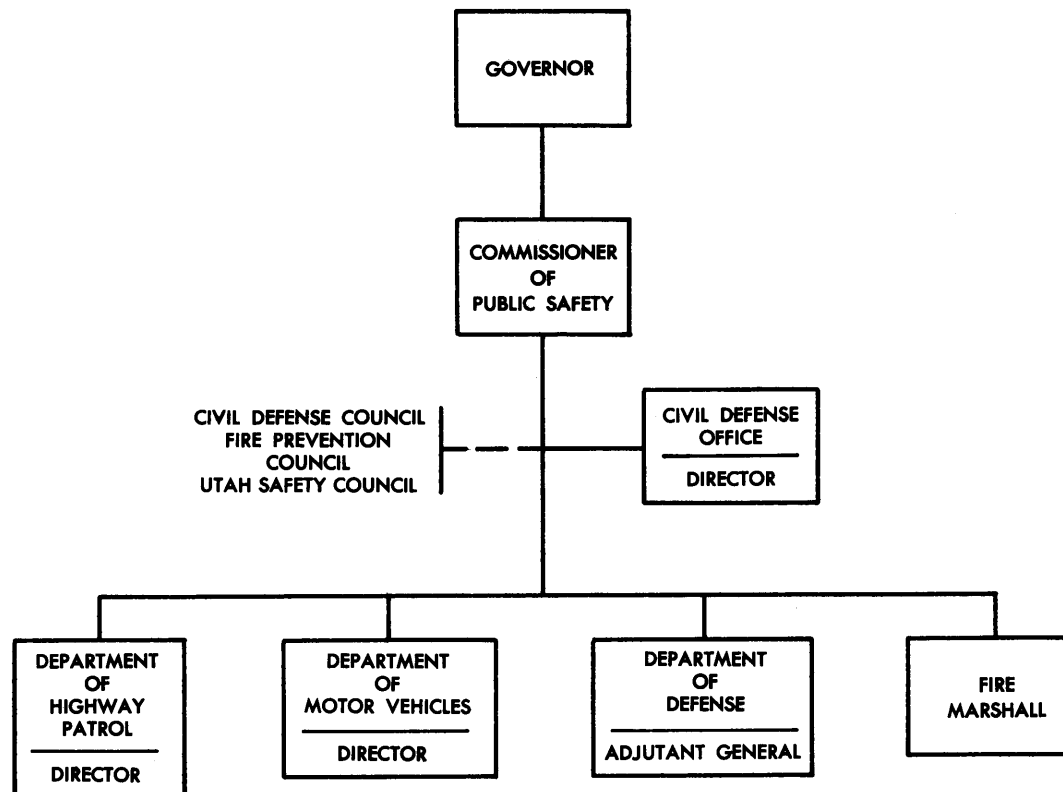
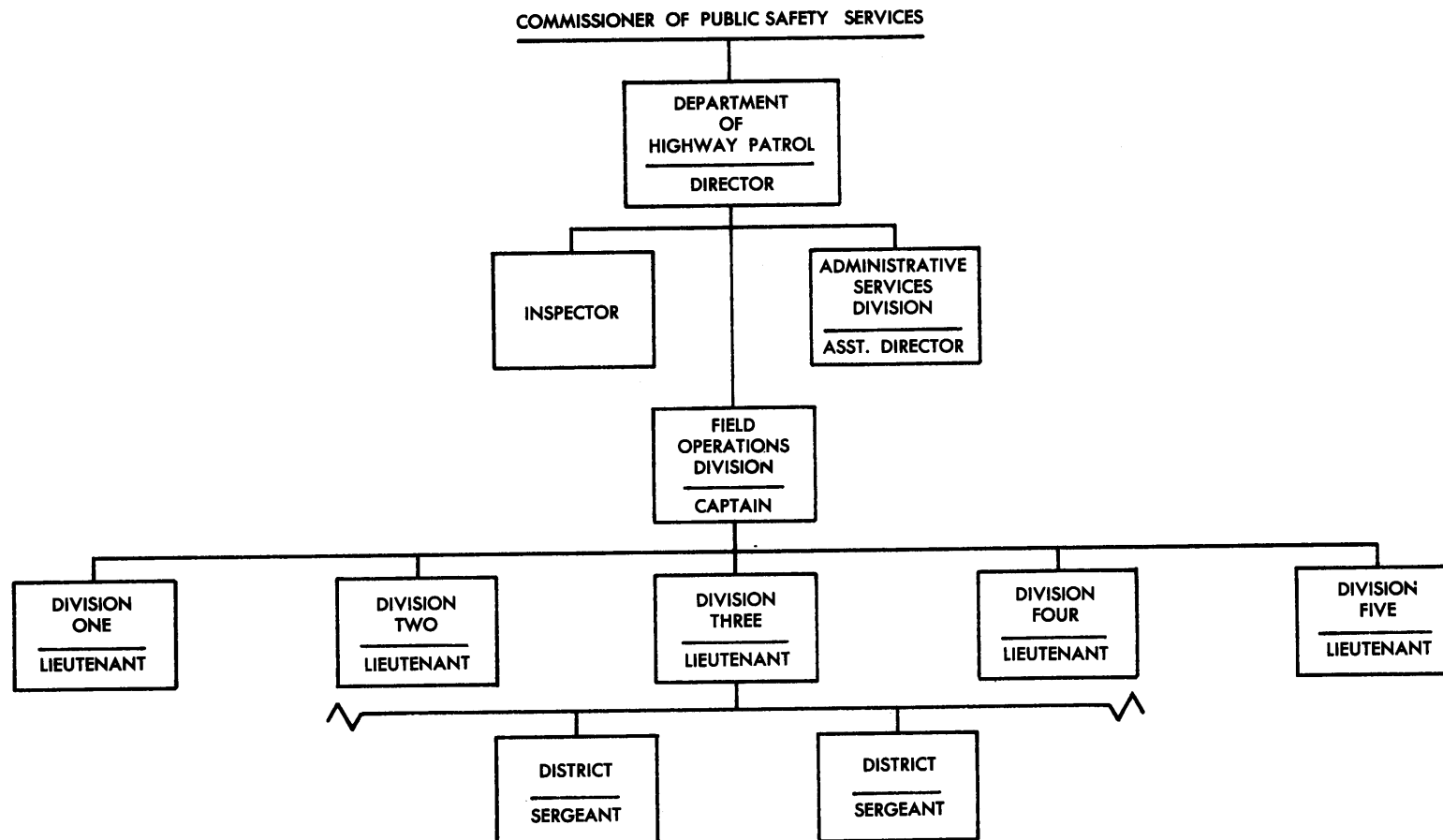


EXHIBIT XXII  
STATE OF UTAH  
DEPARTMENT OF HIGHWAY PATROL  
PROPOSED PLAN OF ORGANIZATION



a member of the patrol and can only be removed for cause.

If the department of highway patrol is to be responsive to the general policies of the governor, the superintendent should be appointed by the governor with senate confirmation, and serve at his discretion. However, qualifications for the position of superintendent should be incorporated into the law that establishes this department to help insure that an experienced law enforcement officer is appointed. Minimum qualifications should include: high level officer in a local, state, or federal law enforcement agency; substantial experience in law enforcement work; and adequate educational qualifications. In order to broaden the reservoir of talent which may be tapped for this position, the present promotion-from-within requirement should be eliminated.

## 2.2 Re-define Role of Assistant Superintendent

The actual duties and responsibilities of the assistant superintendent of the highway patrol, as presently structured, are vague and poorly defined. Under the existing organizational arrangement he wears two administrative "hats", since he functions as an assistant to the commissioner and an assistant to the superintendent. In one instance, he serves as the superintendent's superior and in the other, his subordinate. Organizationally, this relationship is untenable.

It is important to define the assistant superintendent's duties in order to clarify lines of responsibility and provide the superintendent with needed staff assistance. To accomplish this end, the assistant superintendent should be placed in charge of the administrative services division set forth in the next recommendation.

## 2.3 Establish an Administrative Services Division to Provide All Staff Services of the Highway Patrol

At present, a large number of personnel responsible for staff and auxiliary activities report directly to the superintendent. Included are those officers responsible for training, aircraft patrol and services, automotive fleet management, fiscal activities, public information, and communications. Efficient use of the superintendent's

time and a more orderly handling of these support-type services requires an administrative re-structuring of these programs.

This Commission recommends, therefore, that an administrative services division be established and headed by the assistant superintendent. This division would place under one officer all technical, administrative, and staff activities of the highway patrol, including some programs currently outside the patrol's jurisdiction. Primary sections within the administrative services unit should include:

(1) Personnel and Training Section

This section should have primary responsibility for: recruiting, including reference checks and investigation of applicants; training, including recruit, in-service, specialized, and supervisory courses; personnel records, including salary actions and appraisal reports; processing awards, commendations, and disciplinary actions initiated by the superintendent or other line officers; and serving as training coordinator for state-wide peace officer training sessions.

Furthermore, this section, in cooperation with the department of personnel services, should be directed to promptly evaluate whether: veteran's preference should continue to be given weight in the examination process; seniority should account for one-third of total promotional examination scores; past performance ratings should be considered in scoring; and outside examining boards should be used for rating candidates that seek promotion.

(2) Records and Communications Section

The state bureau of criminal identification is a division within the department of public safety which serves as a central clearing house and depository for criminal records, including fingerprints. Steps are presently being taken to consolidate files for stolen motor vehicles, motor vehicle registrations, stolen property, and warrant and wanted persons.



These records, coupled with those in the bureau of criminal identification, are being tied into a central teletype and communications center at the capitol.

To provide central direction and control over these records and communication services and to eliminate the present administrative dispersion of these functions, it is recommended that these programs, including the present reproduction section, be combined into a records and communications section in the administrative services division. The communications division which is currently responsible for directing radio installation, repair, and maintenance also should be incorporated into this staff division.

#### (3) Motor Vehicle Section

Three high ranking patrol officers now exercise various degrees of authority and responsibility over the acquisition, operation, maintenance, and repair of the patrol's nearly 200 motor vehicles.

It is recommended that a motor vehicle section be established within the administrative services division to administer the patrol's automotive fleet. Because of the current development of a transportation services division in the department of general services and centralization of fleet administration in this unit, the involvement of the patrol in motor fleet management will probably be somewhat curtailed. However, a need will still exist to have a unit of the patrol force "ride herd" over its own motor fleet program. Administration of this program within the patrol should be assigned to an individual experienced in fleet management, including maintenance, cost accounting, specifications, and repair.

#### (4) Planning and Finance Section

To date, little attention has been given to development of a sound approach to long-range planning and research. As a result, few plans have been developed to guide the patrol in its long-term growth. Research activities which seek to identify

problem areas and develop solutions in patrol and law enforcement functions also have not been given attention.

The present responsibilities of the fiscal division should be broadened and incorporated into a planning and finance section. Specific responsibilities of this section should include:

- . Fiscal management, including budget preparation, purchasing, accounting, and collections.
- . Development of departmental policies, regulations, and administrative procedures.
- . Analysis of traffic and crime problems facing the patrol, and manpower allocation, scheduling, and utilization.
- . Research on proposed legislation affecting patrol responsibilities.
- . Preparation and implementation of programs for preventing crime and accidents through public education, in cooperation with the Utah Safety Council.

Except for the head of the personnel and training section, functions incorporated into the proposed administrative services division should be staffed by highly trained civilians with experience in the various required specialties. There is little sense in committing seasoned law enforcement officers to clerical or highly specialized administrative functions. Reliance upon uniformed officers to staff these administrative units, seriously limits the talents upon which the patrol can draw.

#### 2.4 Restructure Duties of Inspector

Most law enforcement agencies have found it necessary to develop an independent inspections unit to insure that department-wide inspections are conducted on a continuing basis. These inspections are generally conducted outside

established lines of authority and are designed to inform the superintendent of the performance and readiness of field units.

Such a function has been established in the highway patrol and is performed by a full-time inspector. Unfortunately, the general purpose of these inspections is not generally understood by men in the field and the scope of inspection activity is fairly narrow. Much of the inspector's time is spent inspecting patrol vehicles, investigating accidents involving patrol cars, examining repair bills, checking new vehicles out to troopers, and determining if patrolmen are adhering to rules and regulations. While some of these duties are legitimate "watchdog" activities, more emphasis should be placed on evaluating the overall performance of field units. A vehicle inspection program, for example, is best carried out by the proposed motor vehicle section. Therefore, the duties of the inspector should be restructured to provide answers to the following questions:

- . Are established policies, procedures, and regulations being followed?
- . Do these policies, procedures, and regulations accomplish the purposes for which they were designed?
- . Are the personnel and material resources of the patrol being used effectively? How can their effectiveness be improved?
- . What deficiencies exist regarding training, morale, and supervision and how are these deficiencies being corrected?

Failure to provide answers to these questions seriously impairs the superintendent's ability to identify and correct operational problems. However, a properly structured inspection program should be one of the superintendent's most effective management devices.

#### 2.5 Transfer Responsibility for Safety Inspection Program From Highway Patrol to Proposed Department of Motor Vehicles

At present a lieutenant, trooper, and clerk have responsibility for the state's motor vehicle inspection

program. This program licenses approximately 1,500 stations to inspect, annually, the state's 500,000 plus registered motor vehicles. School buses are checked on a semi-annual basis as well.

This function is regulatory in nature and should be assigned to the dealer licensing and inspection division in the proposed department of motor vehicles. This division, with its five investigators, is already geared to inspect motor vehicle dealers on an annual basis. With proper scheduling, the licensing of inspection stations could be accomplished at the same time.

Removal of this program from the highway patrol will free a lieutenant and trooper for more important patrol and investigative functions.

2.6 Discontinue the Checking Station Division and Transfer Responsibility for Supervising Weigh Stations to Sergeants Heading Patrol Districts

Under the present organizational structure, the ten permanent inspection stations operated by the patrol constitute a separate division. This unit is commanded by a lieutenant and subdivided into three districts each headed by a sergeant.

From a management standpoint, there is little justification to separate this function, organizationally, from the patrol's main operating units, or to create an additional supervisory structure to attend to this program. The continued existence of this unit serves to prevent a desirable integration of all operational programs. It is recommended, therefore, that this division be discontinued and its command staff be transferred to other patrol duties.

Overall supervision of the individual weigh stations should be assigned to the sergeants responsible for the patrol districts in which these stations are located. The title of "weighman" should be dropped and personnel assigned to these posts considered a part of the patrol force. Consideration should also be given to the formal establishment of the "corporal" classification to assist sergeants in their supervisory responsibilities over troopers and personnel manning weigh stations.

2.7 Create the Position of "Captain" to Head All Operating Divisions

As the patrol force increases in size, there will be a need for a new management level to provide coordination and direction of all field units. It is recommended, therefore, that the position of "captain" be created to head all operating divisions.

3. REVISE AND PLACE NEW EMPHASIS ON PATROL TRAINING PROGRAMS

For a law enforcement agency, training is not just desirable, it is absolutely necessary. The on-the-spot decisions which a law enforcement officer makes must stand the rigorous and lengthy scrutiny of the press, public and courts. Therefore, comprehensive, professional, and continuous training programs are of critical importance to the overall success of the state highway patrol.

The patrol's present training programs are completely inadequate for the task at hand. Recruit training lasts from two to eight weeks, depending on the nature and size of the class, as compared to 12-16 week academies in other states. Moreover, some troopers on the road have not even completed this basic course. In-service training amounts to only 2-3 days each year, with no emphasis on management or supervisory development. Training within the patrol has been relegated to a limited one man operation. Specific funds for training are practically non-existent.

Unless the patrol's present training policies are revised, overall operational effectiveness will be seriously impaired. Specifically, it is recommended that:

- . Responsibility for recruit and in-service training be assigned to the personnel and training section.
- . Specific funds be appropriated for patrol and state-wide training programs, paid instruction, texts, equipment, and other training aids.
- . The scope and depth of recruit training be extensively broadened and that all uniformed personnel be required to complete rigorous training requirements.

- . In-service training opportunities be expanded to provide referresher courses for those patrolmen who were unable to complete recruit training and technical, management, and field extension courses for officers in the field.
- . Salary action be tied to completion of special training courses, as well as other indicators of performance.

Immediate emphasis should be placed on department-wide training and its on-going widespread and professional use.

In particular, steps should be taken promptly to provide management training opportunities for all supervisory levels, from sergeants to lieutenants.

Since good managers are not just "born" management training and development programs should be promptly started.

### 3.1 Establish a Cadet Program to Supplement Recruiting and Career Development Efforts

The highway patrol has been successful in its efforts to retain its uniform officers. Turnover has been comparatively low as indicated below:

<u>Year</u>	<u>Uniformed Personnel</u>	<u>Terminated</u>	<u>Retired</u>	<u>Deceased</u>	<u>Turn-over</u>
1961	192	5	0	0	2.6%
1962	197	6	1	0	3.1%
1963	223	1	1	0	1.9%
1964	232	4	2	1	1.7%
1965	220	6	2	1	2.7%

Low turnover, coupled with a relatively stable patrol size however, does produce some difficult problems in the recruitment and initial training of personnel. The limited number of new recruits each year does not justify a full-fledged academy program. Moreover, the entrance age of 23 probably discourages eventual enlistment of those persons in the 21-22 age bracket.

In order to expand the patrol's long-range recruiting

efforts and provide a means for attracting young men in the 21-22 age bracket, this Commission recommends that a "cadet" program be started. Major elements of this program would be as follows:

- . A limited number of prospective troopers in the age group 21-22 should be recruited each year for the "cadet" corps by means of competitive examinations.
- . After selection, cadets should be assigned to various clerical and administrative tasks on a rotating basis until age 23 is reached. They should not have full "police powers".
- . Candidates in this program should be assigned special uniforms which clearly identify them as cadets.
- . Selected training courses in police administration and patrol functions should be developed for cadets.
- . Upon reaching age 23, cadets should be required to take the regular entrance examination for trooper, but be given special consideration for successful participation in the cadet program.

Development of this program should provide an excellent means of recruiting and training young men who might not be attracted to a law enforcement career. Competent young men who have completed their education and military service should not be expected to wait patiently until age 23 to join the patrol. In addition, because of low turnover, development of the cadet concept would provide a continuing source of trained and experienced personnel for the uniform patrol as well as staff for the numerous non-patrol tasks currently performed by uniformed officers.

Because of the "pay-out" which can be expected from a program of this type, the department should seriously consider subjecting all candidates for the uniformed patrol to cadet training, regardless of their entrance age.

### 3.2 Develop Long-range Manpower Plans to Cope With Increasing Patrol Responsibilities

Patrol responsibilities will rapidly increase during the next seven years because of expansion of Utah's interstate highway program. At present, 150 miles of interstate have been completed. By 1972, 850 miles should be finished. Expansion of the highway system should drastically affect the department's manpower needs and patrol techniques. An interstate system with its fenced perimeters, limited access, divided medians, and usually heavy flow of vehicles will pose significant enforcement problems.

To cope with rapidly emerging patrol requirements, this Commission recommends that the personnel and training division carefully develop and annually update manpower projections for a five year period. These projections should be based upon empirically tested and realistic manning levels for interstate, feeder-highway, and non-interstate patrol. Once these projections have been established, documented, and costed, findings should be presented to the governor and his budget officer for consideration.

## 4. EVALUATE STAFFING PATTERNS FOR ALL FIELD DIVISIONS

The state has been divided into five geographical divisions for patrol purposes. Each division is headed by a lieutenant and further divided into districts, under the supervision of a sergeant. An audit of the present staffing pattern indicates that further evaluation is in order. For example, in division 5, a lieutenant now supervises one sergeant and seven troopers; while in division 2, a lieutenant is in charge of five sergeants and 40 troopers.

According to department personnel, division boundaries (except for division 5) have remained static for many years. Formal criteria have not been developed to accurately relate needs to staffing requirements. It is recommended, therefore, that the present assignments be critically examined to establish an optimum patrol plan. Quantative data should be gathered in the following areas:

- . Total miles patrolled for a given period of time should be computed as well as the average number of miles per trooper.



- . Data on traffic densities, accidents, and citations issued should be gathered.
- . Statistical relationships between coverage patterns and traffic densities; coverage patterns and enforcement indicators; and coverage patterns and accidents should be determined and studied for each patrol area.
- . Special factors which affect the coverage and quality of patrol, such as the existence of other law enforcement agencies, age and stamina of troopers, terrain, non-patrol demands on troopers, should be identified.

Based on this data the state should be classified into planning areas and realistic standards should be developed for patrol coverage. Existing assignment practices should be compared against these standards and adjustments made accordingly to insure maximum coverage and equitable patrol workloads.

By and large, the state can be proud of its uniformed highway patrol. Most of the men interviewed and especially the troopers on patrol, were highly motivated and eager to improve their skills. Low turnover among personnel for the past five years indicates that a career concept of employment has evolved.

However, the recommended organizational changes should be adopted to streamline what has become a cumbersome organizational structure. Great stress should be given to training improvements, especially for supervisory personnel. Constant attention should be directed at the problems which creep into many law enforcement agencies, such as the use of uniformed patrolmen and officers in clerical or administrative tasks. More often than not, these tasks are better performed by skilled civilian personnel.

##### 5. CREATE A SEPARATE DEPARTMENT OF MOTOR VEHICLES

Motor vehicle transportation in Utah has increased both in volume and complexity. During the past five years, the number of licensed drivers has risen approximately 40% and registered motor vehicles over 20%. It is estimated that almost

600,000 registered motor vehicles, excluding those from out-of-state, regularly travel Utah's roads and highways.

Since motor vehicle transportation plays such an important role in the state and directly affects each citizen, effective administration of Utah's motor vehicle laws and regulations should be of top concern. State programs relating to motor vehicles and drivers are so complex and interrelated that they cannot be dealt with adequately if this responsibility is scattered over several departments. Such is the case in Utah. Drivers licensing and financial responsibility activities are in the department of public safety. However, motor vehicle registration and dealer licensing are functions of the state tax commission.

As a result of this dispersion, effective coordination of these programs is virtually impossible. For example, attempts were made this year to physically combine drivers licensing and vehicle registration programs in the same branch offices in several Utah cities. However, agreements could not be reached between the two agencies involved and, therefore, these plans were abandoned.

The broad functions which constitute motor vehicle administration can never be accorded full legislative and public support except under a system whereby one administrator is given primary responsibility for this program and authority to organize, plan, budget, and direct it.

This Commission recommends, therefore, that a separate department of motor vehicles be created and headed by a director appointed by the governor. This department should be vested with overall responsibility for administering all laws and regulations relating to motor vehicles and vehicle operators.

5.1 Organize the Department of Motor Vehicles Into Three Divisions: Driver Licensing, Vehicle Registration, and Inspection and Dealer Licensing

Total integration of motor vehicle regulation-type programs can be effected by taking the following steps:

Separating motor vehicle registration and dealer licensing from the tax commission and

placing these functions in the proposed department of motor vehicles.

- . Transferring vehicle inspection programs from the highway patrol to this department.
- . Placing driver licensing and financial responsibility in the new department.

Once these steps have been completed, it is recommended that the department of motor vehicles be organized into the following three divisions, as set forth in Exhibit XXIII.

(1) Driver Licensing Division

Driver licensing is the key for insuring that every driver has the minimum training needed, is not a habitual traffic violator, is financially responsible, and is forced to take corrective measures if he lacks driving skills. The driver license division should be divided into four separate sections.

Primary responsibilities of each section should be as follows:

- . Licensing - processing and issuing driver licenses.
- . Examination - conducting examinations and road tests for all applicants and drivers with poor records.
- . Driver improvement - recording traffic violations and convictions and processing suspensions and revocations.
- . Financial responsibility - compiling and evaluating accident reports and coverage to ensure that drivers are financially responsible.

These organizational changes can be accomplished with relative ease since the present division of responsibility for each of these functions closely parallels that which is proposed.

(2) Vehicle Registration Division

The positive relationship of motor vehicle registration and titling to traffic safety generally has been overlooked in Utah. Far more emphasis, from a traffic safety standpoint, has been placed on driver licensing and the control of drivers. Motor vehicle registration evidently has been viewed as a clerical and revenue-producing activity rather than an important regulatory function.

Regulation of the vehicle itself often can provide the most effective control over the improper or unsafe use of motor vehicles. The state can revoke or suspend the registration of a vehicle and require surrender of the license plates, thus, taking dangerous vehicles off the roads. Since registration of motor vehicles provides the state with an important regulatory device, responsibility for vehicle registration and titling should be transferred to the proposed department of motor vehicles.

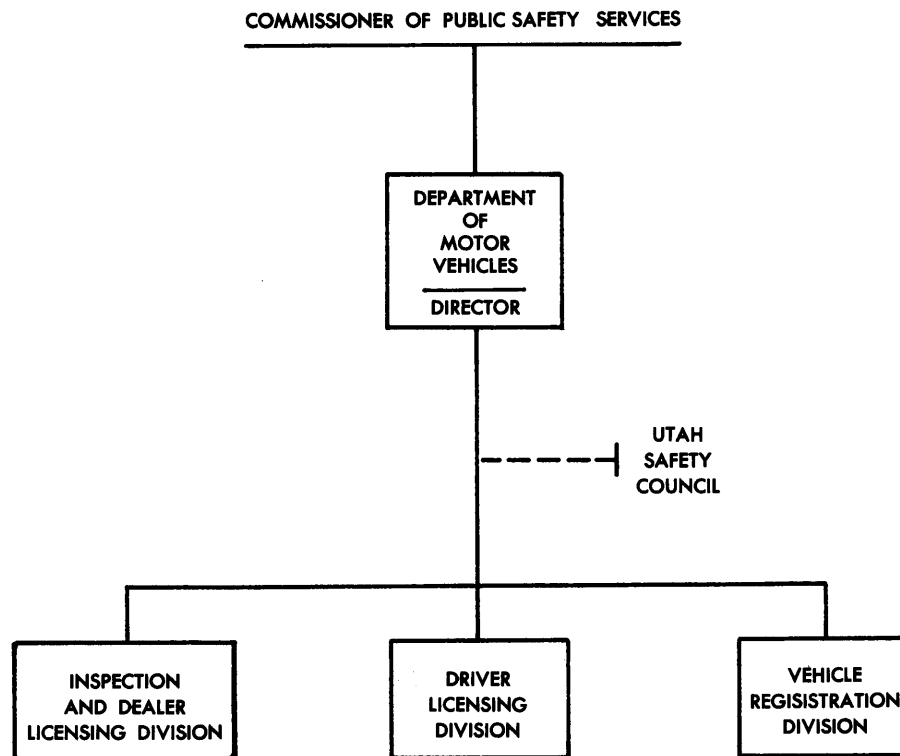
(3) Inspection and Dealer Licensing Division

The motor vehicle dealer's administration division was created in 1949 to license and regulate the dealers and salesmen of motor vehicles. This agency was placed under general supervision of the tax commission and provided with a five man, part-time advisory board.

This Commission recommends that the functions of this organizational unit be combined with the vehicle inspection program now performed by the highway patrol in a single inspection and dealer licensing division in the department of motor vehicles. Since the five man advisory board has no formal authority, does not and need not participate in formation of policies for dealer licensing, and seldom meets, it should be discontinued.

Establishment of this division makes sense organizationally because of the close relationship of these programs.

**EXHIBIT XXIII  
STATE OF UTAH  
DEPARTMENT OF MOTOR VEHICLES  
PROPOSED PLAN OF ORGANIZATION**



## 5.2 Consolidate Branch Offices of Vehicle Registration and Drivers Licensing Divisions

Combining motor vehicle registration with drivers licensing in the same department should provide cost reduction opportunities as well as greater convenience to the public which is served. Presently, the motor vehicle registration and drivers licensing divisions each have separate full-time branch offices in Ogden, Provo, and Logan. The motor vehicle division also has full-time offices in Price, Vernal and Cedar City and drivers licensing occupies space on a part-time basis in several Utah cities.

Immediate steps should be taken to combine these branch offices and evaluate present staffing patterns to decide which clerical positions may no longer be needed. A spot audit of the motor vehicle registration branch offices and workloads indicates that staffing assignments are in need of revision. Prior to consolidation of these offices, staffing requirements should be established so as to provide roughly equitable workloads among offices.

In order to avoid duplication in the receipting, and accounting of monies received, it is recommended that registration and licensing collections be sent directly to the accounting division in the department of treasury for accounting and deposit. Provisions also should be made for collection, if needed, of various tax monies in these branch offices to avoid establishment of additional offices by the department of excise taxation. In those areas where full-time branch offices are not economically feasible, part-time collectors should be compensated on a uniform basis. Fixed fees for work performed regardless of workload should be avoided so as to have a consistent and equitable compensation formula.

## 5.3 Evaluate Methods and Procedures in Drivers Licensing Division

The issuance and processing of drivers licenses and other supporting records have been handled on a manual basis since passage of the drivers license law in 1933. Approximately 45 clerks are involved in the monotonous processing of these records. Turnover and absenteeism are extremely high. Nearly one-third of the space in the drivers license division is filled with metal and cardboard

file cabinets.

Unless the state is passively willing to add yet more files and more clerks, new methods for handling this work should be promptly developed. The time is ripe for installation of automatic data processing methods and preliminary studies have already been conducted. This Commission urges that this problem be promptly evaluated so as to eliminate this archaic way of doing business.

#### 5.4 Clarify Role of Utah Safety Council

For the past decade, the Utah safety council, a private, non-profit organization, has served as the division of safety education and promotion for the department of public safety. Approximately 80% of its efforts have been in the field of traffic safety and the state contributes approximately 75% of its finances. The remaining 25% comes from private contributions.

There is little sense in duplicating the traffic safety services rendered by this organization by creating a separate administrative unit in the department of motor vehicles. Therefore, no recommendations are offered to disrupt the present administrative relationship. However, since the state provides a major share of the council's support, the director of motor vehicles should take steps to ensure that the council is truly meeting the department's safety education and promotional needs. Each year, the department should develop detailed educational and promotional plans, and, after consultation with the executive director of the council, direct him to implement these plans.

#### 6. RESTRUCTURE THE STATE'S MILITARY AND CIVIL DEFENSE PROGRAMS BY ESTABLISHING A DEPARTMENT OF DEFENSE AND A CIVIL DEFENSE OFFICE

The adjutant general is appointed by the governor and responsible for supervision of army and air national guard units numbering over 5,400 personnel. Further responsibilities include the operation and maintenance of 26 state-owned armories, Camp Williams, and facilities at the Salt Lake Municipal Airport and Fort Douglas. Overall administration of these functions must conform to state statutes and policies of federal military agencies.

Utah's civil defense programs rest with a nine man defense council composed of the governor, secretary of state, attorney general, two legislators, and four men appointed by the governor. This part-time council employs a full-time executive director and six other staff members and is responsible for maintaining a trained organization to prepare for and carry out emergency operations to cope with man-made or natural disasters. It also supervises the organization, planning, and training of local defense councils at the county or municipal level. The federal government contributes up to 50% of the cost of operating this program.

The present plan of organization for military and civil defense responsibilities is inadequate for several reasons:

- . Although the governor is commander-in-chief of the national guard, his top military aide, the adjutant general, may not be the man of his choice, since he serves for a six year term and may only be removed for cause as determined by a court-martial.
- . Executive authority over national guard activities and expenditures is further diluted by the existence of the armory board composed of the governor, secretary of state, and attorney general. This miniature "board of examiners" is authorized to lease, purchase, construct, and sell armories, and other properties.
- . The logical and close relationship between civil defense responsibilities and other public safety services during periods of crisis is not recognized organizationally.
- . The size, compositions, and authority of the council of defense are impediments to the rational development and administration of Utah's civil defense programs.
- . Staff assignments within the adjutant general's office are in need of regrouping.

To correct these organizational weaknesses, this Commission recommends that the following steps be taken:



6.1 Create a Department of Defense for Military Defense Activities Headed by the Adjutant General

To standardize and simplify the overall organization of Utah's national guard programs, it is recommended that these functions be combined in a newly created department of defense. This department should be headed by the adjutant general. However, his term of office and tenure should not be designed to restrict the governor from picking his own chief of staff. Therefore, the adjutant general should be appointed by the governor with senate confirmation and serve at his discretion. Statutory requirements which provide that the adjutant general be a federally recognized commissioned officer with at least ten years service should be retained.

6.2 Organize the Department Into Three Divisions: Army, Air, and Maintenance

The proposed plan of organization, as set forth in Exhibit XXIV is based upon the formation of three major organizational units. These recommended divisions and their major functions are as follows:

Army Division - Exercises command responsibilities of the Utah national guard, including provision for administrative, logistical, and training support.

Air Division - exercises command responsibilities of the Utah air national guard, including provisions for administrative, logistical, and training support.

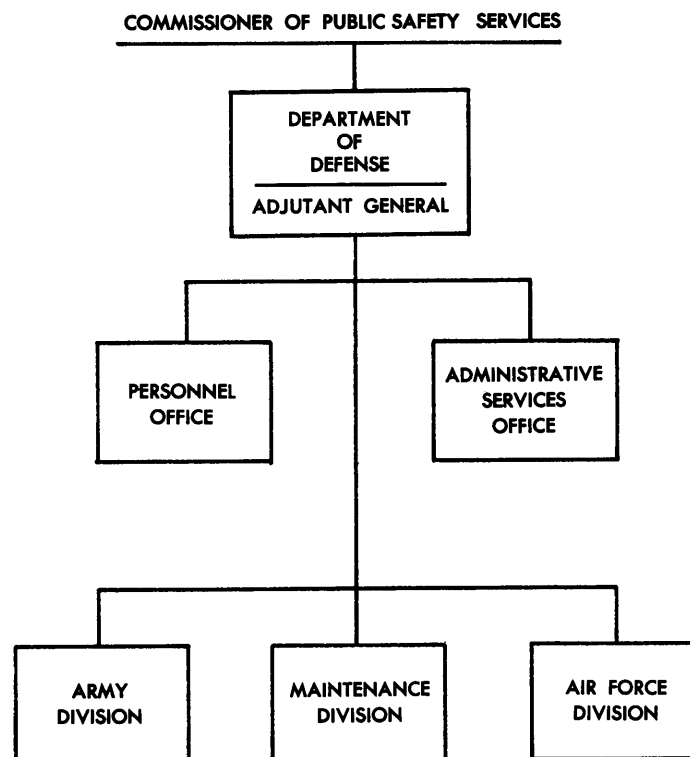
Maintenance Division - directs and supervises the maintenance, custodial, and security activities required by the department.

Implementation of these recommendations will assist the department in developing a stronger and more rational structure to carry out its important tasks.

6.3 Abolish the Armory Board and Transfer Its Purchase and Lease Approval Authority to the Governor

There is little justification for the existence of the armory board. This "junior" board of examiners violates

**EXHIBIT XXIV  
STATE OF UTAH  
DEPARTMENT OF DEFENSE  
PROPOSED PLAN OF ORGANIZATION**



the principles of financial management and effective administration. It should promptly be abolished.

Whether or not another arsenal should be leased, purchased, or constructed should be a decision of the governor, subject to legislative constraints. Approval of capital purchases and improvements should be provided by law through the governor's capital improvement budget. Approval of additional leased space should clear through the proposed department of facilities management and the state's budget officer. The sale of property and borrowing of state funds should all be channeled through the governor's chief financial officer.

#### 6.4 Establish An Administrative Services Office

Fiscal and other administrative tasks for military activities are handled by a number of personnel, including the assistant adjutant general, office manager and information officer. These functions as well as the usual range of administrative services, should be combined and assigned to an administrative service office reporting directly to the adjutant general. Personnel matters, however, should be excluded from this unit.

#### 6.5 Consolidate Personnel Functions in Single Personnel Office

Within the adjutant general's office, several persons are handling personnel activities: the information officer directs the personnel records system, correspondence pertaining to personnel, line of duty investigations and other personnel-type tasks; and the office manager processes enlistments and appointments, checks unit rosters, and maintains files of separated personnel.

It is recommended, therefore, that all personnel services for military programs be consolidated into a single personnel office. This office should serve all personnel in the department of defense.

#### 6.6 Establish a Civil Defense Office and Civil Defense Council

The state's civil defense programs are closely related to the operations and functions of the other state agencies

which are broadly involved in the area of public safety. To strengthen this relationship and provide a more integrated approach toward the preparation and execution of civil defense programs, it is recommended that a civil defense office be created and report directly to the commissioner of public safety services. The policy-making and administrative authority of the council on defense should be transferred to this agency.

Since civil defense programs depend upon the commitment and use of state and local resources in times of emergencies, participation of key agencies and groups in broad program formulation is essential. This Commission recommends, further, that an eleven man advisory council be created and composed of the following personnel: director, department of health; director, department of highways; superintendent, highway patrol; superintendent of public instruction; adjutant general; a county commissioner; a mayor; and one representative from each of the following areas - trucking, railroad, air transportation, labor and industry. The last six officials should be appointed by the governor, with senate confirmation, and serve at his discretion.

This council should function in such a manner as to provide advice to the commissioner of public safety on matters pertaining to civil defense. Particularly this council should address itself to the preparation and constant modification of comprehensive plans and programs for civil defense; development of training and public information programs; and identification and utilization of public and private resources which can be used by the state in emergency situations.

7. TRANSFER THE OFFICE OF THE STATE FIRE MARSHALL  
TO COMMISSIONER OF PUBLIC SAFETY

The office of the state fire marshal is presently a separate, autonomous agency within state government. It is a relatively new agency, charged with general responsibility for education, counsel, and inspection services for state-wide fire prevention and protection.

The basic objective of this office is to promote public safety through the reduction of fire loss. It is recommended that this function be the responsibility of the commissioner of public safety and the state fire marshal be assigned to and report

to him. Also, the role of the state fire prevention board should be recast to that of state fire prevention council and its responsibilities should follow the general pattern set forth for all advisory councils.

#### BENEFITS TO UTAH

Adoption of the recommendations offered in this report should strengthen significantly Utah's public safety services. Consolidation of these important protection-type programs under the commissioner of public safety and internal adjustment of departmental functions should provide the rational organization needed to cope with growing problems in this critical area. These organizational improvements coupled with professional management should also permit operational costs to be reduced.

## X. STATE DEVELOPMENT SERVICES

Few subjects are of more compelling interest to Utahns today than the long range progress and development of the state. The present governor, for example, as well as the legislature, have given significant attention and funds toward building an active tourism program and stimulating industrial and economic development activities in the state. This new impetus and thrust are important to Utah's future.

Additionally, the state carries on a variety of other programs that are essentially of a more specialized developmental character, such as: cultural, historical, air transportation and state fair. The present plan of organization for state development services is set forth in Exhibit XXV.

## CONCLUSIONS

Though the state government has a commendable and understandable interest in the progress and development of the state, as a totality, its piecemeal approach to the problem has prevented a fully effective development program from being established. Since these functions could hold the keys to future Utah prosperity, it will be well to give directed, focused attention to their most effective conduct.

## RECOMMENDATIONS

### 1. ESTABLISH A PRACTICAL AGENCY CONCEPT AND APPOINT A COMMISSIONER OF STATE DEVELOPMENT SERVICES

Looking candidly at development functions, it is clear that their principal objective is to "sell" the state of Utah. If this objective is recognized--and it must be, particularly in the important areas of tourism and industrial development--then, it is entirely appropriate to lean heavily on the experience of successful business and industrial organizations. The "product" to be sold in this case is the state of Utah--its natural beauty,

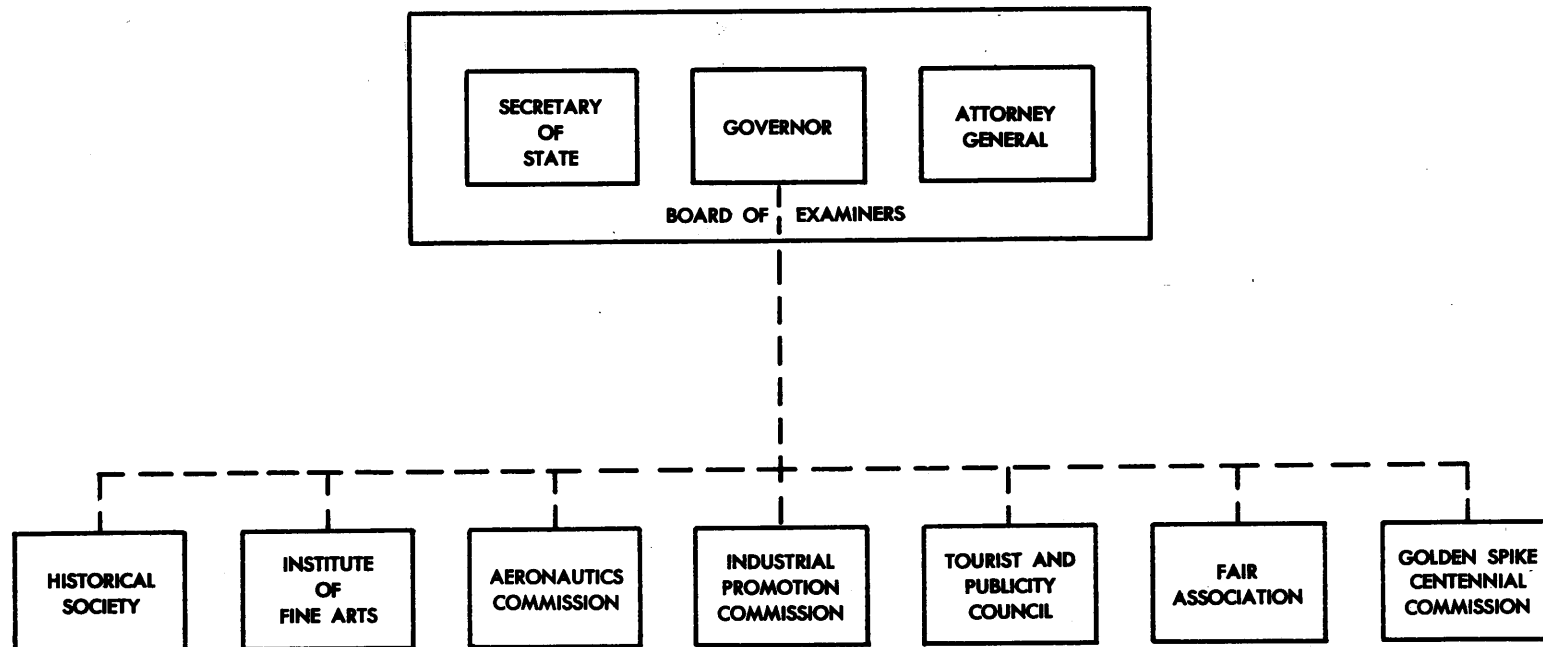
its human resources, its traditions and culture, and its many, many advantages. Therefore, it is recommended that the proposed state development agency be organized around a "total marketing concept".

A marketing concept would include the following elements:

- Evaluating the "product line" in Utah.  
What specifically are Utah's strengths and weaknesses? This would require detailed, comprehensive analysis of every factor--human and natural resources, tax structure, transportation, economic, governmental services, and other aspects of the total environment--that would encourage or discourage a potential "customer" from investing, settling, or visiting Utah. This data provides the initial starting point for market planning.
- Defining the characteristics of Utah's markets.  
Given the state's strengths and weaknesses, what are the kinds of organizations and people to whom we can productively try to "sell" Utah; where are they located; what are their requirements and needs; what benefits will they gain in Utah?
- Developing the marketing strategy.  
How do we best get related to the customer and help him to "buy" Utah? Do we use the mass media? direct mail? personal solicitation? trade missions? Here, the expected benefits to be gained must be measured against program costs to assure careful expenditure of resources.
- Merchandising Utah.  
This involves the actual carrying out of marketing strategy using the approaches and timetables previously established.
- Evaluating the marketing program.  
Finally, the crucial part of any marketing program is evaluating actual results against planned objectives, modifying approaches, and reshaping the marketing plan within new objectives.

Acceptance and implementation of the above concept would put

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DEVELOPMENT SERVICES  
PRESENT PLAN OF ORGANIZATION**





Utah far in front of other states, the bulk of whose programs are institutional in nature and thus, slow moving and modest in results.

Within this concept, it is necessary to attract to state service a commissioner of state development services who is not only highly creative, but who has substantial marketing exposure and experience. Although advertising experience should not exclude such an applicant, a successful marketing executive who has been on the firing line in actual marketing situations would be preferable.

2. ORGANIZE A DEPARTMENT OF STATE DEVELOPMENT SERVICES

It is important to bring together in a single, cohesive unit, all major developmental activities. It is equally important to caution that the development agency should not seek size as an objective. It should seek expertise and results.

The commissioner should have management responsibility and authority over the following divisions and staff offices as shown in Exhibit XXVI.

Office of Research and Development - A staff support office with responsibility for developing a state-wide marketing plan and strategy and for overseeing the conduct of the various elements of the campaign and evaluating results.

Office of Publications and Promotion - A staff office responsible for planning and preparation of brochures, newsletters, and other publications and for advertising and public information programs in support of the various development efforts.

Industrial Development Division - A program activity designed to attract suitable business and industrial organizations to Utah and to retain such organizations on a long range basis.

Tourism Division - A program to attract, in increasing numbers, tourists to Utah and thus, to gain the economic benefits from increased spending patterns. Special short term programs like the Golden Spike Centennial should be included in this division.

Exposition Division - A program to plan and operate an exposition that is keyed to gaining maximum favorable exposure for Utah through this medium. This division could appropriately be included in the tourism division.

Air Transportation Division - A developmental function to stimulate air travel and the construction of airports throughout the state. Regulatory responsibilities currently assigned to the aeronautics commission eventually should be assigned to the public safety agency.

The recommended arrangement will pull together those functions that should be involved in the state's total development and marketing planning. It will provide a sensible and logical structure for future progress.

3. ESTABLISH A STATE DEVELOPMENT COUNCIL FOR  
CITIZEN PARTICIPATION PURPOSES

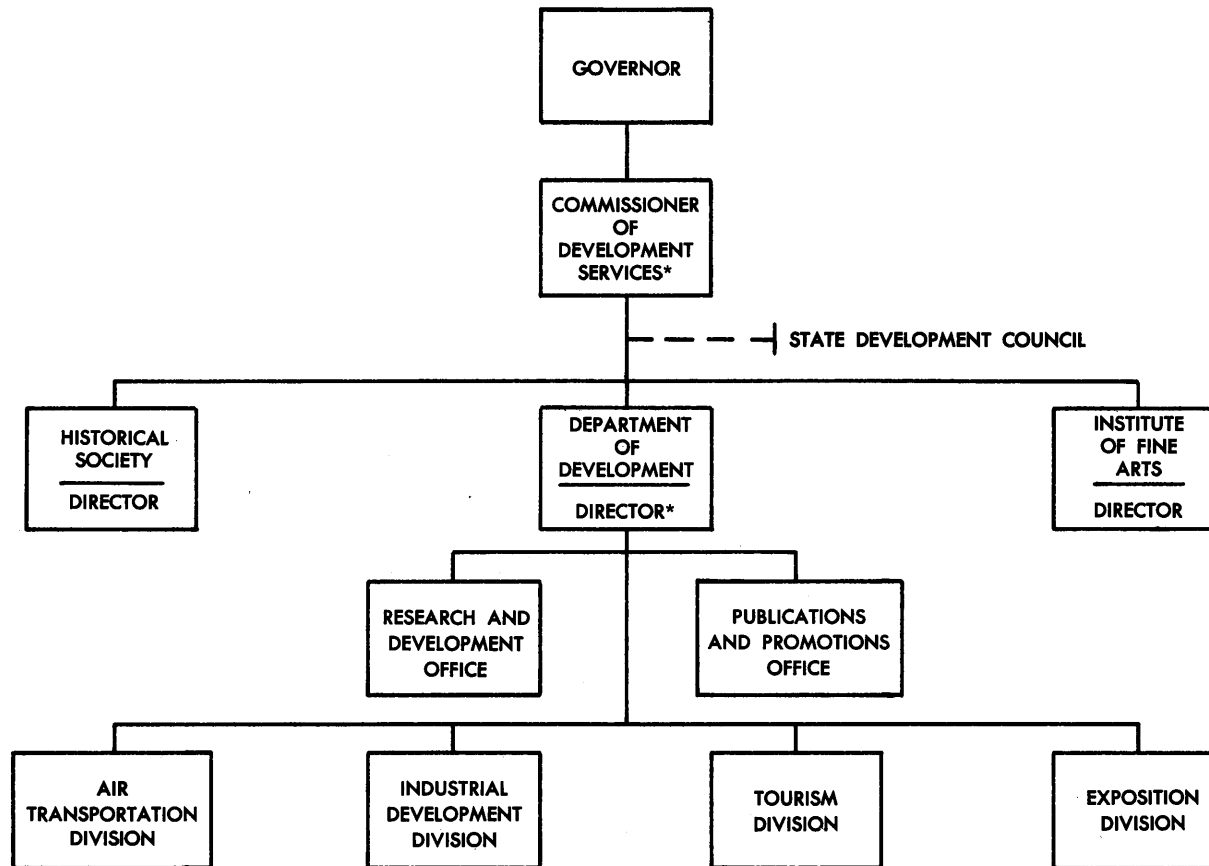
Developmental activities should have maximum citizen participation consistent with sound management requirements. It is recommended, therefore, that a state development council be created. Duties of this recommended group should be consistent with those outlined in chapter 15.

A citizen council, working in tandem with state development people, can organize and carry out a creative and effective program that could, in another field, push Utah to the forefront of the states.

4. ASSIGN RESPONSIBILITY FOR OVERSEEING HISTORICAL  
AND CULTURAL DEVELOPMENT FUNCTIONS TO  
COMMISSIONER OF STATE DEVELOPMENT SERVICES

Although this Commission is cognizant of the differences between activities of the historical society or institute of fine arts and those of more economically oriented development services, a broad relationship does exist. No major changes are offered in the overall organization of either agency. However, it is recommended that responsibility for overseeing these functions be assigned to the commissioner of state development services.

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STATE OF UTAH  
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\*Same Person

### BENEFITS TO UTAH

It is well-known that Utah has a thin industrial base and an economy that is not well-balanced. It makes good sense, therefore, to organize for a major effort in marketing out state, using a "rifle" rather than a "shotgun" approach to program planning. A dynamic development program could get Utah moving economically and could keep it moving in the future. This is a benefit that should not be taken lightly.

## XI. NATURAL RESOURCES SERVICES

Utah has four basic natural resources to manage: water, land, minerals, and wildlife. The task of managing these resources can be broken down into four basic elements:

- (1) Planning - The research and exploration necessary to determine what resources are available for development and where they are located; and the plans for their development and use, based on availability, need, and cost of development.
- (2) Development - The encouragement or actual physical development of the resources required to meet the present and future needs of the state, including redevelopment, rehabilitation, and replenishment of those resources already developed.
- (3) Operation - The day-to-day management of resources to assure their proper use and protection
- (4) Regulation - The control of the development, distribution and use of resources to protect against their waste and conserve them for future generations.

Currently, the responsibility for management of the state's natural resources is shared by eleven separate state agencies and the federal government. The federal government, through such agencies as the bureau of reclamation, forest service, and bureau of land management, is heavily involved in managing Utah's natural resources as a result of federal ownership of approximately 66 percent of Utah's land.

Utah faces many new challenges in the management of its natural resources. Because of their impact on industrial development and tourism, the management of natural resources is a key to the future economic growth of the state. Technological advancements and increased leisure time have led to the creation of new and increased uses and demands for natural resources. Entirely new industries have been developed to serve the recreational.

needs of the people. The federal government, furthermore, has recently increased its already significant interest in and support of natural resources management. These are challenges which require sound organization and enlightened management of Utah's precious resources.

## CONCLUSIONS

The top organization structure of the state agencies responsible for natural resources management is shown on Exhibit XXVII. Analysis of these organizations and the present assignment of responsibilities has led to two major conclusions.

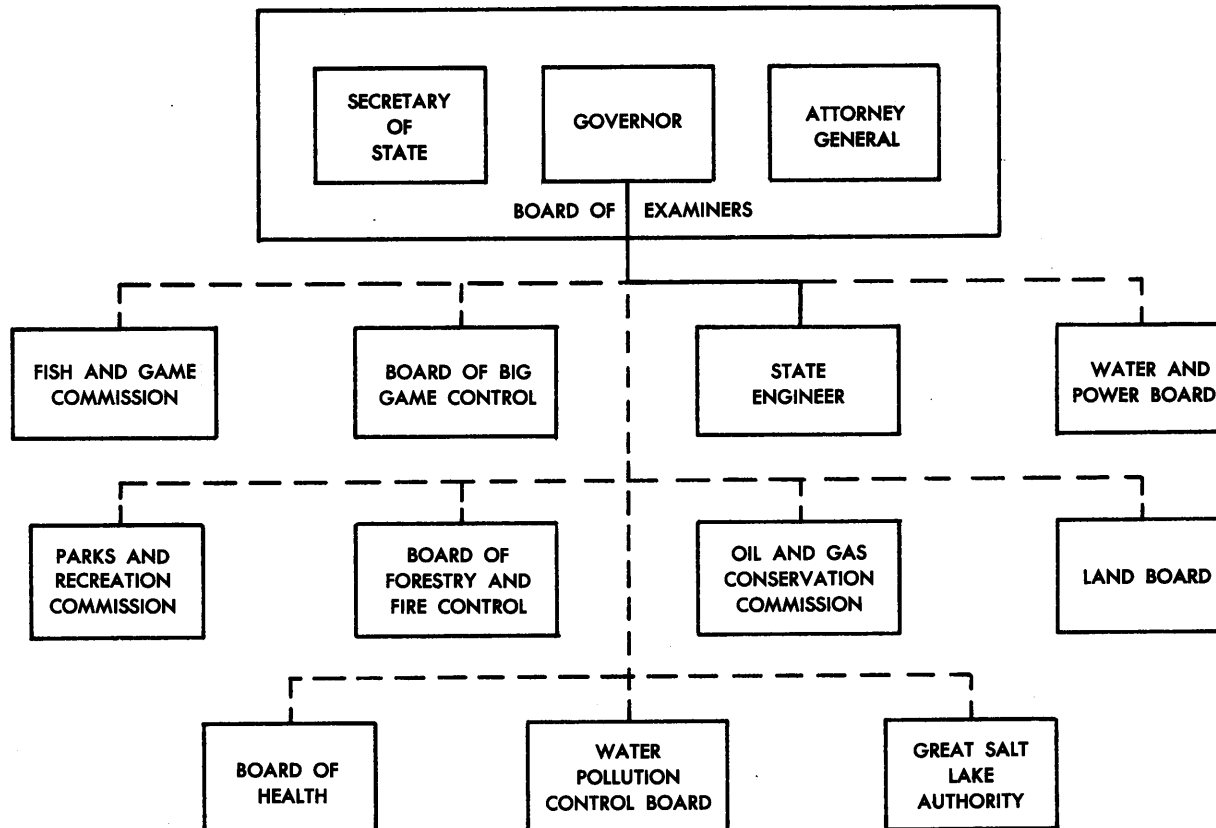
- The State is Not Achieving a Proper Balance in the Management of its Natural Resources

Most of the natural resources departments and agencies have a rather narrow scope and objective, as presently defined by law. Some were created to meet a special natural resource management objective. These include the water pollution control board, board of big game control, and board of forestry and fire control. Others basically serve a special clientele. These include the water and power board, fish and game commission, and oil and gas conservation commission. Still others, while responsible for managing a resource, have as a primary objective something other than resource management. Included in this latter category would be the land board's objective to obtain maximum funds for the support of education in Utah.

The commissioners, board members, and staff of the various natural resource agencies are generally capable. For the most part, these agencies have made good progress toward fulfilling their own narrow objectives.

The critical problem in Utah's natural resource management stems from the fact that objectives of the individual agencies are often in conflict. Individual agencies often pursue their particular objectives without consideration of the goals of other natural resource departments. As a result, the management of Utah's natural resources becomes out of balance and does not serve the total public interest. For example, when an irrigation reservoir is permitted to be drained dry, killing all the fish, a proper resource balance

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NATURAL RESOURCES SERVICES  
PRESENT PLAN OF ORGANIZATION



is not being achieved. Likewise, when the land board issues a timber permit on state land without requiring appropriate re-planting, an objective of the board of forestry and fire control is not achieved.

In the present structure of state government there is no organizational mechanism to resolve conflicts and assure a proper resource balance. It is impossible for the governor to be sufficiently familiar with the nature of each of these conflicts to be able to arbitrate them effectively. Even if this were possible, most agencies are managed by boards and commissions that are largely independent of his control and the governor can be effective only to the extent he can influence and persuade board members and commissioners to work together to resolve their differences. The legislature has acted to reduce areas of conflict but really meaningful coordination will only be achieved through reorganization.

- Assignment of Responsibilities to the Natural Resource Agencies is Inconsistent with Major Objectives of Sound Natural Resource Management

There is no logical pattern of responsibility assignment among the present natural resource agencies. Agencies have been created and responsibilities have been added to existing agencies without careful planning or consideration of what is the best way to organize for effective, total resources management. Some examples of problems that derive from this legislative indirection are listed below:

- There is some duplication in the assignment of responsibilities for the management of the state's water resources to the state engineer and the water and power board.
- Authority for managing the fish and game resources is shared by the fish and game commission and the board of big game control.
- The oil and gas conservation commission regulates the development and recovery of mineral resources on land its members own and manage when they sit as the land board.



- Many activities that are almost purely administrative in nature are managed by multi-member boards and commissions.
- Some agencies are too small to have adequate planning and supporting services that could be provided at reasonable cost if they were part of a larger agency.
- Some important state responsibilities in resource management, such as flood control, are not provided for at present.

If the state of Utah is to effectively and efficiently manage its natural resources, it must develop a plan of organization and management that eliminates the shortcomings outlined above.

## RECOMMENDATIONS

The recommendations which follow provide opportunities for improvement in organization and assignment of responsibilities for the management of the state's natural resources.

### 1. ASSIGN OVERALL RESPONSIBILITY FOR NATURAL RESOURCES MANAGEMENT TO A COMMISSIONER OF NATURAL RESOURCES SERVICES

The governor, as chief executive, must be responsible for the orderly management of Utah's natural resources. His appointee, the commissioner of natural resources services, should represent gubernatorial authority in natural resource management. The commissioner should be appointed by the governor with the consent of the senate and serve at the discretion of the governor. He should be a person of stature and experience in resources management at the federal or state level, and be a proven manager of considerable reputation.

The commissioner should be responsible for the overall direction and management of the natural resources departments. His authority should extend to the establishment of objectives, plans, policies and programs for each agency that most effectively meet the total needs of the state. By central direction, the state can achieve a proper resource balance and will not

have to rely on the good will and cooperation of individual department officials, often lacking in the present situation, to resolve conflicts and differences.

Exhibit XXVIII shows the proposed plan of organization for natural resources services. The recommendations which follow discuss each department in greater detail.

2. ASSIGN RESPONSIBILITY FOR PLANNING THE DEVELOPMENT OF THE GREAT SALT LAKE TO THE OFFICE OF COMMISSIONER OF NATURAL RESOURCES SERVICES

The creation of the great salt lake authority was a recognition on the part of the Utah legislature of the difficulty of achieving central direction over the management of natural resources under the state's present organizational structure. The possible opportunities for the development of this important natural resource are much broader than the scope of any present resource agency. Thus, the authority was created to provide the broad guage planning effort needed to successfully take advantage of these many opportunities.

Under the proposed plan of organization for natural resource management, this planning responsibility should be assigned to the commissioner of natural resources services. The great salt lake authority should continue in an advisory capacity to the commissioner throughout the planning effort. As plans become finalized, the responsibility for individual developments should be assigned to the appropriate natural resources department.

3. COMBINE THE FUNCTIONS OF THE STATE ENGINEER AND THE OIL AND GAS CONSERVATION COMMISSION WITH SOME FUNCTIONS OF THE WATER POLLUTION CONTROL BOARD INTO A SINGLE DEPARTMENT OF NATURAL RESOURCES REGULATION

The office of state engineer, the oil and gas conservation commission, and the water pollution control board have as a common objective the regulation of natural resources.

- The state engineer's basic functions are the appropriation of water rights and the management of water distribution, all done within the objective of eliminating waste and assuring beneficial use of water.

- The oil and gas conservation commission is basically responsible for the elimination of waste of oil and gas and the pollution and waste of water through proper drilling and secondary recovery, and the protection of the rights of lease holders.
- The water pollution control board is responsible for establishing standards of water quality and preventing pollution that lowers the quality below the established standard.

While most all natural resource agencies perform some regulatory functions, the duties of the three agencies described above are almost totally regulatory. They should be separated organizationally from other resource management agencies because, in exercising quasi-judicial functions, their decisions affect the plans and programs of other state resource agencies as well as local government agencies and private interests. If there is not a clear organizational separation, conflicts of interest can result. In fact, there may be a potential conflict today in that the members of the land board sit as the oil and gas conservation commission.

It is recommended that a separate department of natural resources regulation be established. Exhibit XXIX shows the recommended plan of organization for this department. The director of natural resources regulation should be a registered professional engineer with considerable experience in water resources management or regulation. He should be appointed by the governor with senate consent and serve at the governor's discretion. He should be administratively responsible to the commissioner of natural resources services.

To establish this proposed department on a practical basis will require the following actions:

3.1 Transfer Certain Responsibilities for Water Quality Regulation from the Health Department to the Department of Natural Resources Regulation

Presently, the total responsibility for the regulation of water quality rests with the water pollution control board in the department of health. This results from the recognition of the protection of the public health as the overriding requirement for regulation of water quality.

EXHIBIT XXVIII  
STATE OF UTAH  
NATURAL RESOURCES SERVICES  
PROPOSED PLAN OF ORGANIZATION

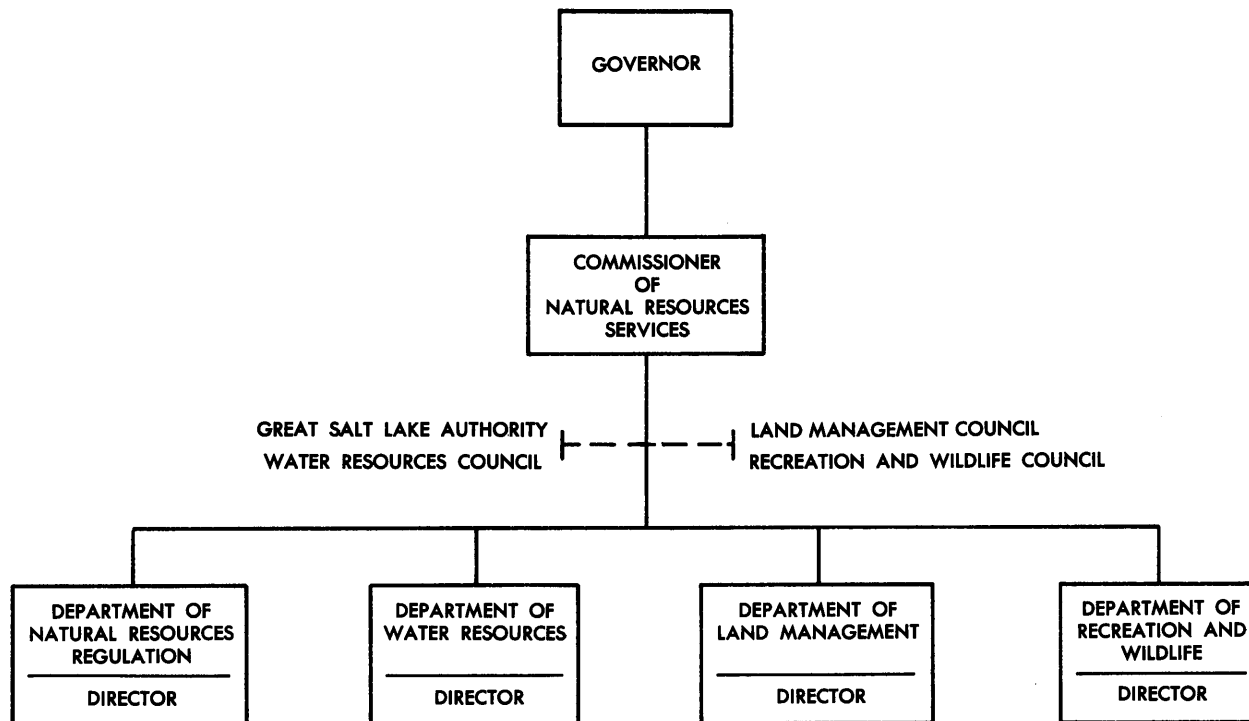
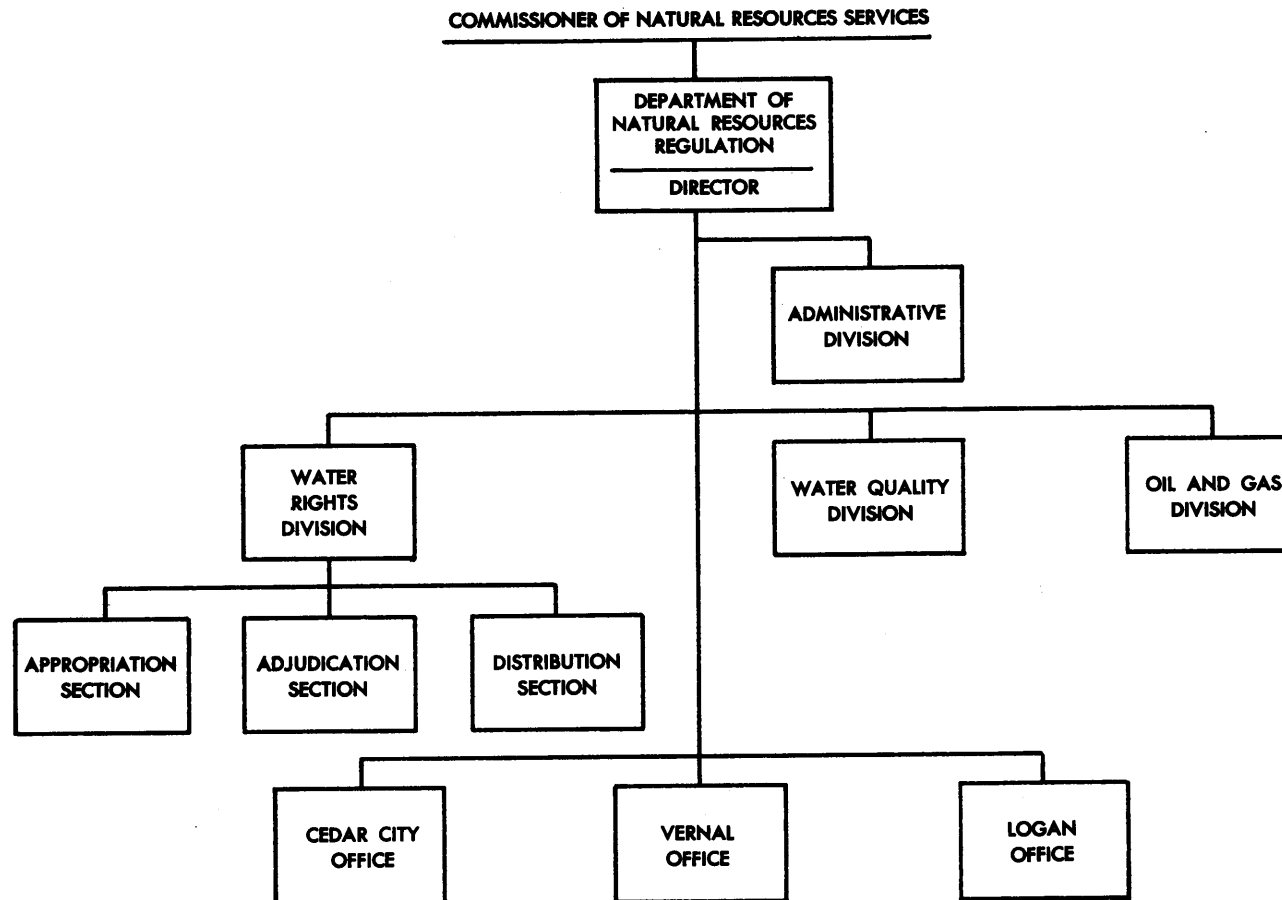


EXHIBIT XXIX  
STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES REGULATION  
PROPOSED PLAN OF ORGANIZATION



However, because of a statutory responsibility to eliminate health hazards, the present water pollution control board has tended to concentrate its efforts toward controlling those waters that serve municipal uses.

In addition to municipal use, most Utah water also supplies other needs, such as the propagation of fish and wildlife, irrigation of farm lands, and recreation. It is important that the quality of water be protected when used for these purposes.

It is, therefore, recommended that the responsibility for establishing and enforcing standards of water quality on waters serving other than municipal needs be transferred to the water quality division of the department of natural resources regulation. The department of health should continue to be responsible for quality control of municipal water.

It is further recommended that the department of natural resources regulation and the department of health publish jointly a set of quality standards covering all Utah water. Each of the two departments, furthermore, should be responsible for enforcing the other's standards in the course of carrying on their respective regulatory responsibilities.

The recommended division of responsibilities will assure sufficient attention to all phases of water quality control. At the same time, it will formally recognize and provide for the liaison and cooperation necessary between the agencies responsible for natural resources and those responsible for the public health.

3.2 Provide for the Appeal of Actions by the Department of Natural Resources Regulation to a Separate Administrative Court

Broad policies for the regulation of natural resources falls within the province of legislative authority and should be set forth in the statutes. However, the interpretation and implementation of these policies are technical and administrative matters and are most effectively handled by an administrative agency with a single executive head. There is general satisfaction with the state engineer's

office due to relatively rapid decisions and actions based on sound technical facts and judgment. At the same time, there is some dissatisfaction with those present natural resources regulatory agencies which are managed by part-time boards and commissions, due to the inherent delays and compromises in reaching a decision or taking action.

When the responsibility for interpretation and implementation of regulatory policies is assigned to a single administrator, though, his actions are either quasi-legislative or quasi-judicial in nature. An avenue of appeal must be provided for those who are affected by his decisions to protect against arbitrary or irresponsible action. Appeal from decisions of the state engineer is presently to the district courts. This arrangement is unsatisfactory. It often results in long and sometimes costly delays to the appellant. Some district court judges, further, are provided with few occasions to hear these highly technical and specialized cases.

It is recommended that the responsibility for hearing first appeals from actions by the department of natural resources regulation be assigned to the administrative court or tribunal suggested in chapter 15.

The creation of the department of natural resources regulation will provide centralized and coordinated management of these important and related regulatory functions. Substantial cost reductions will follow the consolidation of accounting, record keeping and other supporting services. The general public will be better and more conveniently served through one central agency.

#### 4. ESTABLISH A DEPARTMENT OF WATER RESOURCES

There is presently no agency of state government with total responsibility for the overall planning and development of water resources. The water and power board was initially established to promote the development of water resources for agricultural irrigation. Although this agency recently has been given responsibility by the legislature for the development of a total water plan for the state and has been asked to assume other water management responsibilities, it is still primarily agriculturally oriented. The state engineer presently has some responsibility for water resource planning, principally of an information gathering nature. Other important functions of water resources management, such as flood control, are receiving no formal attention by state government.

Because of the importance of water resource development to the present and future economic growth of the state, there is a need for a single agency of state government to be totally responsible for this function. It is recommended that a department of water resources be created to fill this need. This department should include the functions of the present water and power board, some functions presently assigned to the state engineer, and some functions presently absent in state government. The proposed plan of organization for this department is shown on Exhibit XXX.

The director of water resources should be appointed by the governor with senate consent and serve at the governor's discretion. He should be a registered professional engineer with substantial experience in water resources planning and development. He should be administratively responsible to the commissioner of natural resources services.

The proposed department should be assigned the following responsibilities and functions.

- Directing and coordinating water resources research and data collection, including working with the federal geological survey in the collection of water resource data and sponsoring and participating in research efforts by the state universities and other institutions.
- Preparing and administering, after approval by the legislature, a total state water plan for Utah.
- Stimulating and participating in the development of the state's water resources in a manner set forth in the water plan. This would include cooperating with and/or providing assistance to the federal government, other state governments, local government, and private interests in water resources development efforts. However, design engineering assistance should be left to appropriate federal agencies or private engineering consultants.
- Providing leadership at the state level in flood control matters.
- Representing the state's interests in cooperative federal-state water resources development programs and interstate compact commissions.



Provision for the organization and administration of the department of water resources is dependent on the following steps:

4. 1 Eliminate the Water and Power Board and Establish a Water Resources Council

The present water and power board is an example of a large group of men, representing a combination of geographic and special interests, charged with responsibility for the overall management and direction of a major state program which has great impact on their interests. Even so, the state's role in water resource management is considerably broader than that which serves the special interests represented on this board. This role should be the ultimate responsibility of the governor.

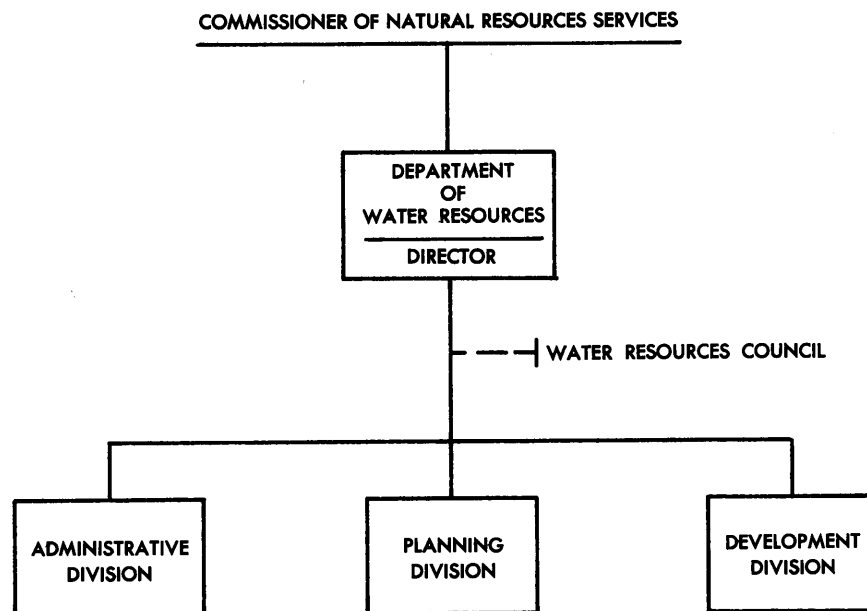
Moreover, the responsibilities of the water and power board are primarily administrative and technical in nature and should be carried out by the proposed department of water resources.

There should, however, be public participation in the management of water resources through the establishment of a water resources council. The duties of this council should be to approve water development projects as well as participate in administrative policy formulation. This council should advise the director of water resources in the manner described in chapter 15 of this report.

4. 2 Transfer the Water Resources Functions Presently Assigned to the State Engineer to the Department of Water Resources

The water resources division of the state engineer's office is responsible for collecting certain water resource data. While these data are useful and important to many state agencies, they are most critical to the development of the state's master water plan. This function should be transferred to the proposed department of water resources.

EXHIBIT XXX  
STATE OF UTAH  
DEPARTMENT OF WATER RESOURCES  
PROPOSED PLAN OF ORGANIZATION



#### 4.3 The State Should Take the Lead in Flood Control

Flood control is presently a responsibility of county government. Few flood control problems can be solved without involving more than one county - - - a situation which generally has resulted in conflicts and disagreements between counties, allowing little to be accomplished. Moreover, most county governments do not have the technical counsel and resources required to formulate and enter into flood control projects.

The U. S. Army Corps of Engineers, which is the federal agency responsible for financing, designing, and constructing flood control projects, has experienced difficulty sponsoring projects in Utah because of the disagreements and inaction of various counties. As a result, Utah has received practically none of the \$1.2 billion in federal money spent annually by the corps on flood control.

States which have been successful in flood control have usually assigned the key responsibility to an agency of state government. Most of the larger projects are multiple use developments, providing for municipal, agricultural, industrial, or recreational use as well as flood control. It is imperative that these projects conform to the state's comprehensive water plan.

Flood control is an essential part of water resource management. The state should assume the leadership role through the department of water resources. The legislature should spell out the state's specific role to include: (1) providing the initiative and the technical and administrative machinery to formulate, study, and approve flood control projects; (2) providing financial incentive to local governments to enter into these projects; and (3) providing the required assurances to the corps of engineers on the maintenance and operation of the completed projects.

#### 4.4 Re-evaluate The State's Role In Financing Water Resource Development Projects

The present water and power board provides loans to private agricultural interests for the development of water resources for irrigation. The proposed department of water resources will be assigned considerably broader

responsibilities for water resource development and it may be necessary to change or expand the state's role in financing these developments to correspond with the broadened responsibilities. It is therefore recommended that the legislature study and re-evaluate the state's proper role in this area.

Adoption of the above recommendations will consolidate the state's programs for water resource planning, development, and operation into one organizational unit. This will, in turn, facilitate a dynamic, positive program for water resource management which will enable Utah to act on its water problems rather than talk about them.

5. COMBINE THE FUNCTIONS OF THE LAND BOARD AND BOARD OF FORESTRY AND FIRE CONTROL INTO A DEPARTMENT OF LAND MANAGEMENT

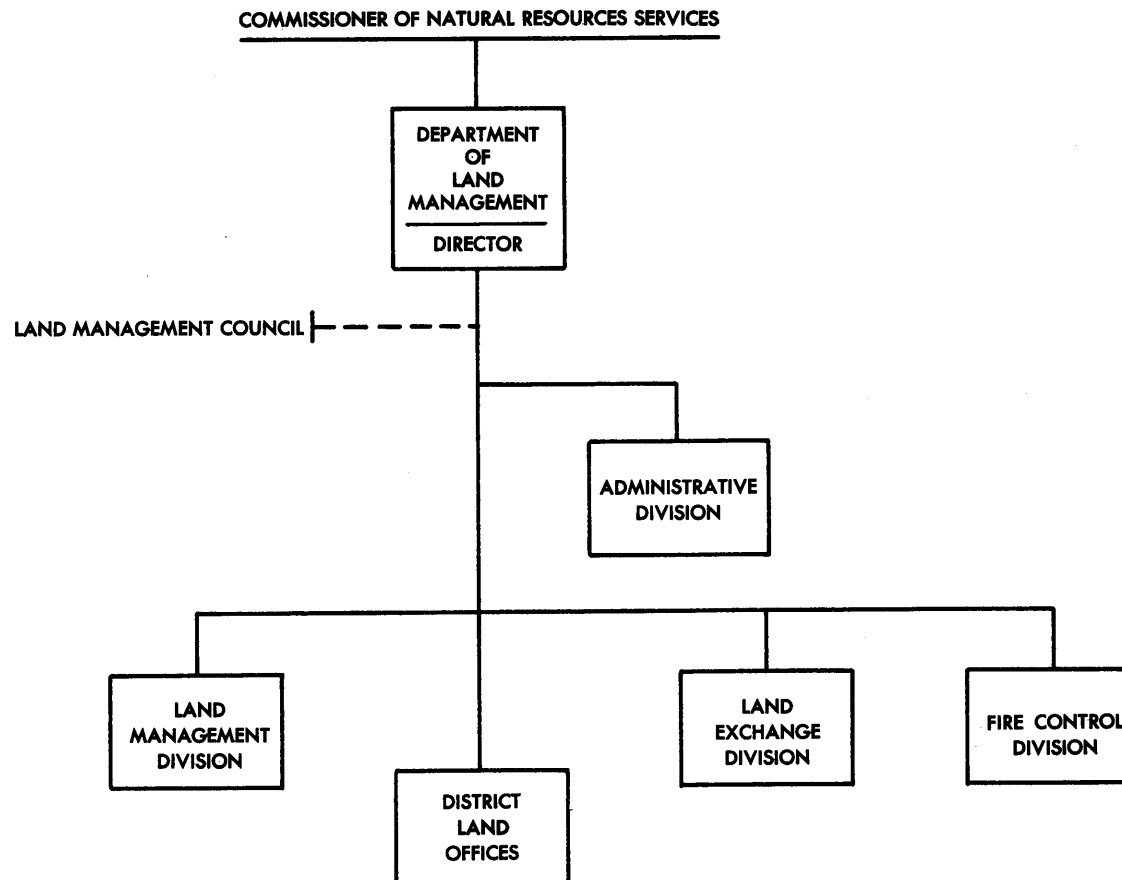
The land board is responsible for managing state owned land as well as managing the mineral rights on lands presently or previously owned by the state. The primary objective of this effort is to obtain revenue to finance education in Utah. The board of forestry and fire control is engaged in land management activities on state owned and private forest lands. Its objective is protection and conservation.

These objectives have occasionally been in conflict because of the land board's desire to maximize current revenue and the board of forestry and fire control's interest in long term conservation of land resources, including timber. This conflict potential should be eliminated. If the long term conservation objectives of the board of forestry and fire control are valid, they should be compatible with the land board's ultimate objective of obtaining maximum revenue from state owned lands.

To resolve these conflict possibilities and, at the same time, provide for coordinated administration of these land management activities, it is recommended that the functions of the land board and the board of forestry and fire control be combined in a department of land management. Exhibit XXXI outlines the proposed plan of organization for this department.

The director of land management should be appointed

EXHIBIT XXXI  
STATE OF UTAH  
DEPARTMENT OF LAND MANAGEMENT  
PROPOSED PLAN OF ORGANIZATION



by the governor, with senate consent, and serve at the governor's discretion. He should be a college graduate in a field allied to land management and have substantial experience in that field. He should be administratively responsible to the commissioner of natural resources services.

To establish this proposed department, the following steps should be taken:

5.1 Discontinue the Land Board and Board of Forestry and Fire Control and Establish a Land Management Council

The present land board and board of forestry and fire control are responsible for the overall management and supervision of their respective agencies. The land board is heavily involved in administrative detail, approving almost every administrative action. The board of forestry and fire control, although generally confining itself to policy determination, is larger than the staff of the department.

Under the policies established by the legislature, the functions of these agencies are primarily administrative and should be the responsibility of the full-time, professionally trained, director of land management. Citizen participation in the management of the land resources should be provided through a land management council, serving in the manner set forth for advisory councils in chapter 15 of this report.

5.2 Transfer the Land Board Fund Investment Responsibilities to the Department of Treasury

The land board is presently responsible for managing the investment portfolio of its permanent fund. This fund, amounting to approximately \$13 million, is composed of income from the sale of land and royalties from mineral leases.

The task of managing this portfolio is not of sufficient magnitude to justify the employment of a trained, full-time investment specialist, and the administrative personnel of this agency are not and should not be responsible for executing this function. Their training and experience should be in land management, not investment management.

This responsibility should be transferred to the department of treasury where it can be carried out by trained specialists.

The adoption of the above recommendations for the establishment of a single department of land management will provide more effective and efficient administration of this important function. Cost savings can result from consolidation of administration and support functions. More effective long-range management of state owned lands can be achieved by combining the manpower and technical capabilities of the present two agencies into a coordinated program.

6. COMBINE THE FUNCTIONS OF THE FISH AND GAME COMMISSION AND THE PARKS AND RECREATION COMMISSION INTO A SINGLE DEPARTMENT OF RECREATION AND WILDLIFE

Although the present fish and game department and parks and recreation department each perform specialized functions, they have many mutual objectives. The most important of these, perhaps, relates to the management of natural resources to the end of providing outdoor recreation to Utahns and visitors to the state. Because Utah is rich in these resources, significant contributions can be made to the economic growth of the state as well as the enjoyment of present and future generations of Utah citizens through their coordinated management.

The development of fish and wildlife resources in terms of raising and propagating fish and game is a specialized technical function. So is the selection of sites for and developing state parks. However, many functions of the fish and game department and the parks and recreation department, such as planning, administration, protection, and enforcement are similar and presently overlap. For example, in order to obtain federal support in outdoor recreation it is necessary for these two agencies to work together in the development of an overall state plan. Both agencies frequently enforce laws and regulations on the same waters at the same time. Also, they often are separately involved in the development of a particular area for recreation purposes.

Because of these similar and closely related functions and objectives, and in order to provide maximum effort in outdoor recreation, it is recommended that these two agencies be combined into a single department of recreation and wildlife.

The proposed plan of organization for this department is shown in Exhibit XXXII.

This proposed organization utilizes the basic concept of the "line and staff" organization presently used successfully in the fish and game department. It is generally accepted that this concept is most appropriate for an agency where a variety of technical, specialized functions must be carefully researched, planned, and programmed and then carried out day-to-day over a large geographic area. The headquarter staff divisions and the regional staff specialists are responsible for research, planning, and programming in their respective specialties. They are further responsible for the support of line personnel in carrying out these functions and implementing the plans and programs. The regional line organizations provide generalist management of these functions on a day-to-day basis in various geographic areas. This assures a proper balance in the use of manpower and funds in each area. The alternative to this approach is to have several large groups of specialists covering every geographic area, independent of one another. This is generally undesirable because no one, short of top management, has a total view of what is required to provide proper services to each area.

The generalist based organizational arrangement has worked well in Utah and elsewhere as it enables an organization to do a more effective job with fewer personnel. The present park and recreation functions and personnel will fit easily into this structure alongside fish and game. Essential to the success of such an organization is a progressive and complete training and management development program to develop the combination of specialists and generalists required. The fish and game department has been successful in this kind of effort and their present programs could easily be expanded to include parks and recreation functions and personnel.

The director of recreation and wildlife should be appointed by the governor, with senate consent, and serve at the discretion of the governor. He should be a college graduate in one of the fields allied to the management of natural resources for outdoor recreation purposes and possess significant managerial experience in this field. He should be responsible for the overall direction of the department and for establishing and implementing administrative policies and regulations subject to their approval by the commissioner of natural resources services and the governor.



He must, of course, operate within the framework of broad policies established by the legislature.

The following steps should be taken to establish the proposed department of recreation and wildlife and to strengthen its functions:

6.1 Discontinue the Present Fish and Game Commission, Board of Big Game Control, and Parks and Recreation Commission and Establish a Recreation and Wildlife Council

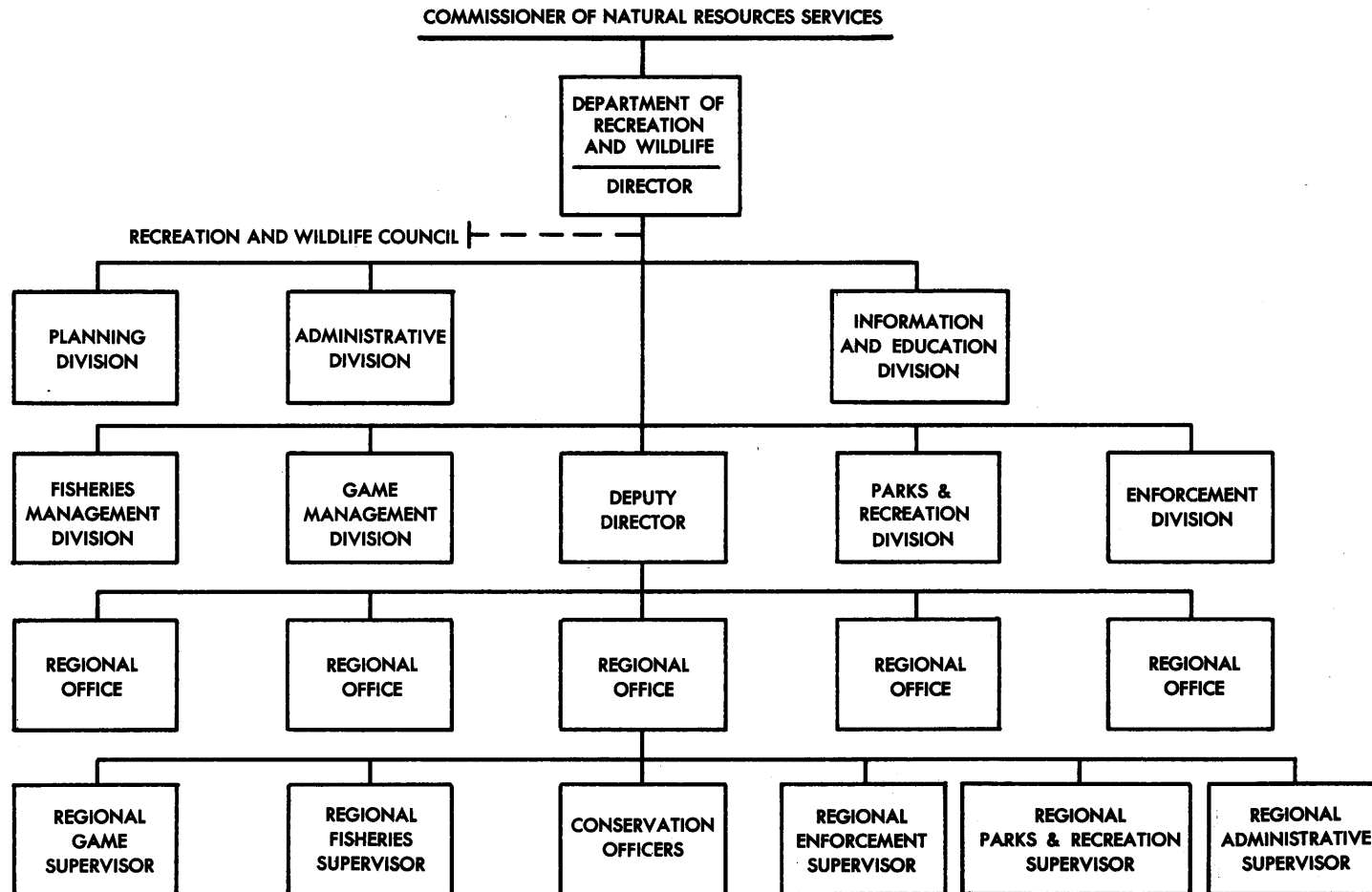
The above boards and commissions are presently responsible for the overall management of their respective agencies. They are composed, for the most part, of representatives of various geographic and special interests and sincerely feel their responsibility is to those interests rather than all of the people of Utah. Their decisions and actions are generally of a technical or administrative nature and where they are truly objective in their deliberations, they almost always decide on the basis of facts and recommendations presented by their technically trained administrators. It would thus appear logical to assign this responsibility to the administrator in the first place.

It is recommended, therefore, that these bodies be dissolved. A recreation and wildlife council should be established to provide public participation and assistance to the administrator in carrying out his responsibilities. This council should be organized and operate along the lines set forth for advisory councils in chapter 15 of this report. The responsibilities of the present boating advisory council should also be included.

6.2 Transfer the Responsibility for Development and Operation of Historical Sites to the Historical Society

The present park and recreation department has developed and is operating several historical sites and monuments, such as the Brigham Young Mansion and the This is the Place Monument. These facilities are more closely related to the development of Utah's historical resources and to the attraction of tourists than to the creation of state parks for recreational purposes. These efforts tend to detract from the basic objective of developing and managing state parks with outdoor recreational facilities.

EXHIBIT XXXII  
STATE OF UTAH  
DEPARTMENT OF RECREATION AND WILDLIFE  
PROPOSED PLAN OF ORGANIZATION



They more properly are the responsibility of the agency responsible for development and protection of Utah's history and should be transferred to the historical society.

### 6.3 Develop and Install a Cost Accounting System for the Fish and Game Production Facilities

The fish and game department presently operates several fish hatcheries and game farms for the purpose of raising fish and game for release throughout the state.

There is a possibility that the fish raised in these hatcheries could be obtained at less cost from private sources. However, the fish and game department desires to modernize some of their older facilities to increase the quality and quantity of production. Because complete and accurate cost data on these programs are unavailable, it is impossible to objectively determine whether to expand and modernize these facilities, maintain the status quo, or purchase fish from outside sources. The department of recreation and wildlife should develop and install a cost accounting system on all production facilities in order to provide a sound, objective basis for making such decisions, both now and in the future.

Adoption of the above recommendations would place total responsibility for the management of natural resources for outdoor recreation in one agency. The present agencies that go to make up the proposed department of recreation and wildlife have been criticized in the past for giving too much attention to some of their restrictive and sub-ordinate objectives, and insufficient attention to the overall objective of outdoor recreation. This recommendation centralized responsibility for these programs. Also, significant cost savings should result from consolidation of many administration and support functions.

### BENEFITS TO UTAH

Many benefits will derive from the adoption of the preceding recommendations. It is roughly estimated that consolidation of administrative and support functions in the various proposed departments would save approximately \$100,000 per year. Many other specific benefits have been mentioned previously in this chapter.

However, the most significant benefit and one that completely overshadows the others would be the potential for improvement in the economic growth and development of Utah. The future of Utah is highly dependent on the proper management of its natural resources.

- Attractive parks and good fishing, hunting, and boating are necessary to attract tourists as well as a permanent labor force.
- Water and land are needed for industry and agriculture, as well as a growing population.
- Minerals need to be developed to the fullest extent economically feasible.

The recommendations in this chapter set forth the organizational pattern and methods for the orderly and balanced management of natural resources to provide optimum beneficial use today, as well as assure their preservation for future generations.

## XII. LABOR AND COMMERCE SERVICES

Presently eight major agencies, including the numerous licensing committees, have a responsibility for the regulation or control of commercial activities within the state. These agencies vary widely in size, scope, and type of administrative organization. They also differ substantially in purpose - some regulate a specific industry to protect its specific publics; others regulate all industry on certain matters to protect all employees; and still another regulates one industry to the point of operating a state monopoly. Exhibit XXXIII lists the agencies involved in these activities and the various boards, commissions, councils, and committees involved in their management.

In spite of their differences, however, these agencies are similar in one important way - they all contribute to the government's total role and posture in the regulation of labor and commerce in Utah. The manner in which they fulfill their responsibilities, individually and collectively, can have great impact on the economic climate and future economic growth of the state.

### CONCLUSIONS

A review of the organization and administration of these regulation agencies, in light of this Commission's objectives for overall government organization, leads to several broad conclusions.

- There is no uniformity in the organization and management of regulatory agencies.
- The inclusion of a variety of councils and committees in the organization structure of many agencies tends to diffuse responsibilities.
- The administrative commission form of management is common to most agencies and, while it suffers from its inherent weaknesses as a management unit, it also brings confusion to the quasi-judicial process in that members serve as both prosecutor and judge. Executive,

legislative, and judicial functions have been illogically combined.

- There is little uniformity in procedures for obtaining initial rulings or handling appeals from these agencies.
- The assignment of regulatory responsibilities to the various agencies tends to represent expediency or the desires of a particular segment of commerce being regulated, rather than a thoughtful approach to sound organization.

Over and above these conclusions, one major concern stands out - there is very little control by the governor, the legislature, or the people over these agencies. They operate as relatively autonomous units, independent of one another as well as the rest of state government. Yet the management of these agencies makes decisions in the interpretation of legislative policy that have great impact on important state government programs as well as significant elements of Utah's economy.

The underlying purpose of the regulation of labor and commerce is to strike a healthy balance between the protection of the consumers and employees on the one hand, and the preservation of a healthy business and agricultural climate in Utah on the other. The manner in which this balance is struck should be a major policy matter for the executive branch administration and, as such, requires a greater degree of effective control by the governor.

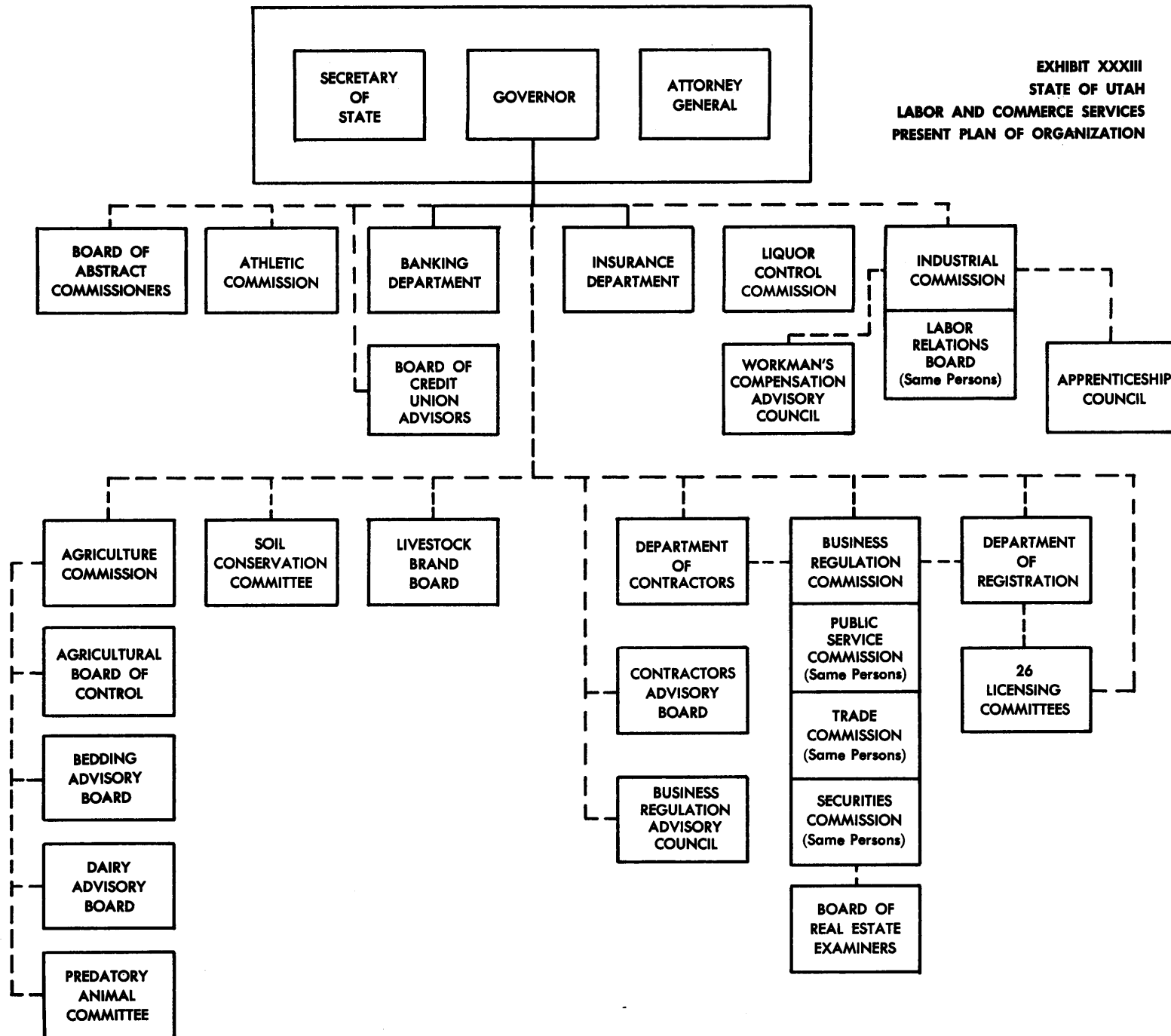
## RECOMMENDATIONS

The recommendations which follow provide a broad framework for organization of the various regulation functions which should provide for sound management.

### 1. ESTABLISH AN OFFICE OF COMMISSIONER OF LABOR AND COMMERCE SERVICES

In order to provide for gubernatorial influence and control in the administration of regulatory agencies, it is recommended an office of commissioner of labor and commerce services be established. The commissioner should be appointed by the governor, with senate consent, and serve at the governor's discretion.

EXHIBIT XXXIII  
STATE OF UTAH  
LABOR AND COMMERCE SERVICES  
PRESENT PLAN OF ORGANIZATION



The commissioner's responsibilities should include developing consistent policies for the administration of the regulatory functions and providing leadership in the interpretation of legislative policy for the regulation of labor and commerce.

2. ORGANIZE FOUR DEPARTMENTS UNDER THE  
COMMISSIONER OF LABOR AND COMMERCE SERVICES

A logical grouping of the various regulation agencies is critical to the establishment of effective executive control and management through the commissioner. These agencies fall into four distinct categories, as follows:

- The regulation of the agriculture industry to provide for orderly marketing of its products and adequate protection of the consumer from adulterated or misrepresented products.
- The regulation of commercial enterprises to protect the safety and welfare of their employees.
- The regulation of certain types of commercial enterprises to protect the public from fraud, unreasonable charges, or sub-standard service.
- The regulation of the purchase and sale of intoxicating beverages through the operation of a state liquor monopoly.

It is recommended that four departments be organized under the commissioner of labor and commerce reflecting each of these regulatory categories, as shown on Exhibit XXXIV.

3. DIVEST REGULATORY COMMISSIONS OF THEIR EXECUTIVE  
AND RULE-MAKING FUNCTIONS

A substantial portion of the functions performed by labor and commerce agencies involve quasi-judicial determinations or legislative hearing functions. These determinations are presently made by an administrative commission sitting together or a single commissioner, as well as decisions of an executive or rule-making nature. Judicial-type decisions generally can be appealed to the courts. The inherent problems and conflicts arising from the combination of these distinctly different functions are well known.



To protect the public from arbitrary or irresponsible actions in these critical areas, it is recommended that administrative commissions in the labor and commerce field be divested of their executive and rule-making functions. Until such time as projected work loads can be accurately determined for the industrial commission and business regulation commission, it is further recommended that these commissions be retained to hear cases and make determinations of a judicial or legislative hearing nature. Once realistic work load data becomes available, these two commissions should be discontinued and their functions transferred to the administrative court suggested in chapter 15. The traditional pattern of appeal to the courts would be retained under either organizational form.

4. ELIMINATE THE BOARD OF AGRICULTURE AND ASSIGN ITS RESPONSIBILITIES TO A SINGLE DIRECTOR OF THE DEPARTMENT OF AGRICULTURE

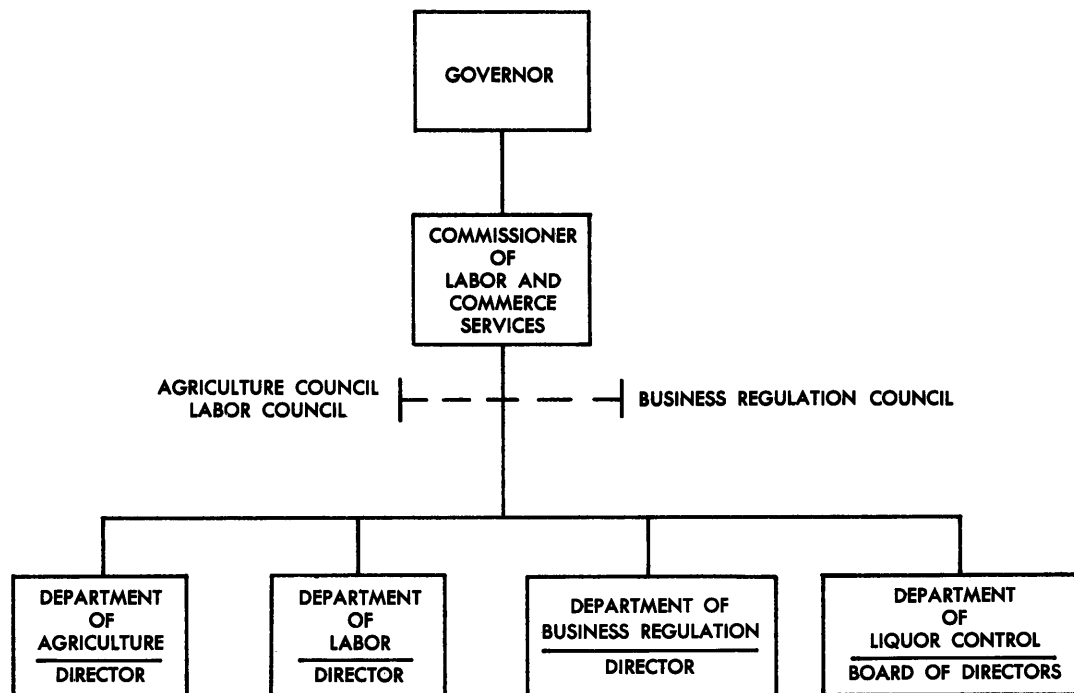
The members of the present board of agriculture are men of competence and long experience in the various fields of agriculture. Unfortunately, however, the board is locked into a system of management which inhibits fully effective organization and administration. Full-time administrative commissioners and boards do not represent dynamic, responsive management and should be eliminated if progress is to be made. It is recommended, therefore, that the full-time board of agriculture be dissolved and a qualified director of agriculture be appointed in its place.

The director should be appointed by the governor with senate consent and serve at his discretion. He should be an administrator of demonstrated ability and possess a background in agriculture. He should be delegated overall responsibility for the management of the state's role in agriculture within the framework of the statutes and administrative policy approved by the commissioner of labor and commerce services and the governor.

5. ESTABLISH AN AGRICULTURE COUNCIL

In order to provide desirable public participation in the affairs of the department of agriculture, a citizen agriculture council is recommended. The council should be organized and assigned responsibilities as described in chapter 15 for all advisory councils.

**EXHIBIT XXXIV  
STATE OF UTAH  
LABOR AND COMMERCE SERVICES  
PROPOSED PLAN OF ORGANIZATION**



The present part-time boards and committees attached to the department of agriculture, such as the agricultural board of control, bedding advisory board, dairy advisory board, livestock brand board, predatory animal committee, and soil conservation committee, should be discontinued. Their administrative responsibilities should be transferred to the director of agriculture and their advisory functions should be assigned to the recommended agriculture council. These boards and committees serve to clutter organizational responsibility and accountability, and, in some cases, they have been assigned administrative authority which can have substantial impact on the regulation and control of the special interests of their members.

6. ORGANIZE THE DEPARTMENT OF AGRICULTURE INTO SIX OPERATING DIVISIONS AND TWO SUPPORTING STAFF DIVISIONS

The present organization of the department of agriculture reflects the statutory requirements for three divisions - plant industry, animal industry, and marketing - each headed by one of the three full-time commissioners. This results in several organizational problems:

- The divisions are not balanced in terms of personnel and work load.
- Functional integrity is not maintained in that several plant industry programs are administered within the marketing division.
- There is an absence of supervisory levels where they are needed - one commissioner has almost 70 inspectors and hunters scattered throughout the state reporting directly to him.
- There is no organizational unit for personnel administration and some important personnel programs are absent, including formal training programs.

The present commissioners recognize many of these problems, but are restricted by statute from making major improvements.

To provide for a modern organization structure compatible with the recommended changes in the structure of top management, it is recommended that the functions of the department of

agriculture be re-grouped into six operating divisions and two staff support divisions. The recommended organization structure is shown on Exhibit XXXV, and is discussed briefly below.

(1) Animal Industry Division

The animal industry division should continue with its present responsibilities. It should be organized into four sections, as follows:

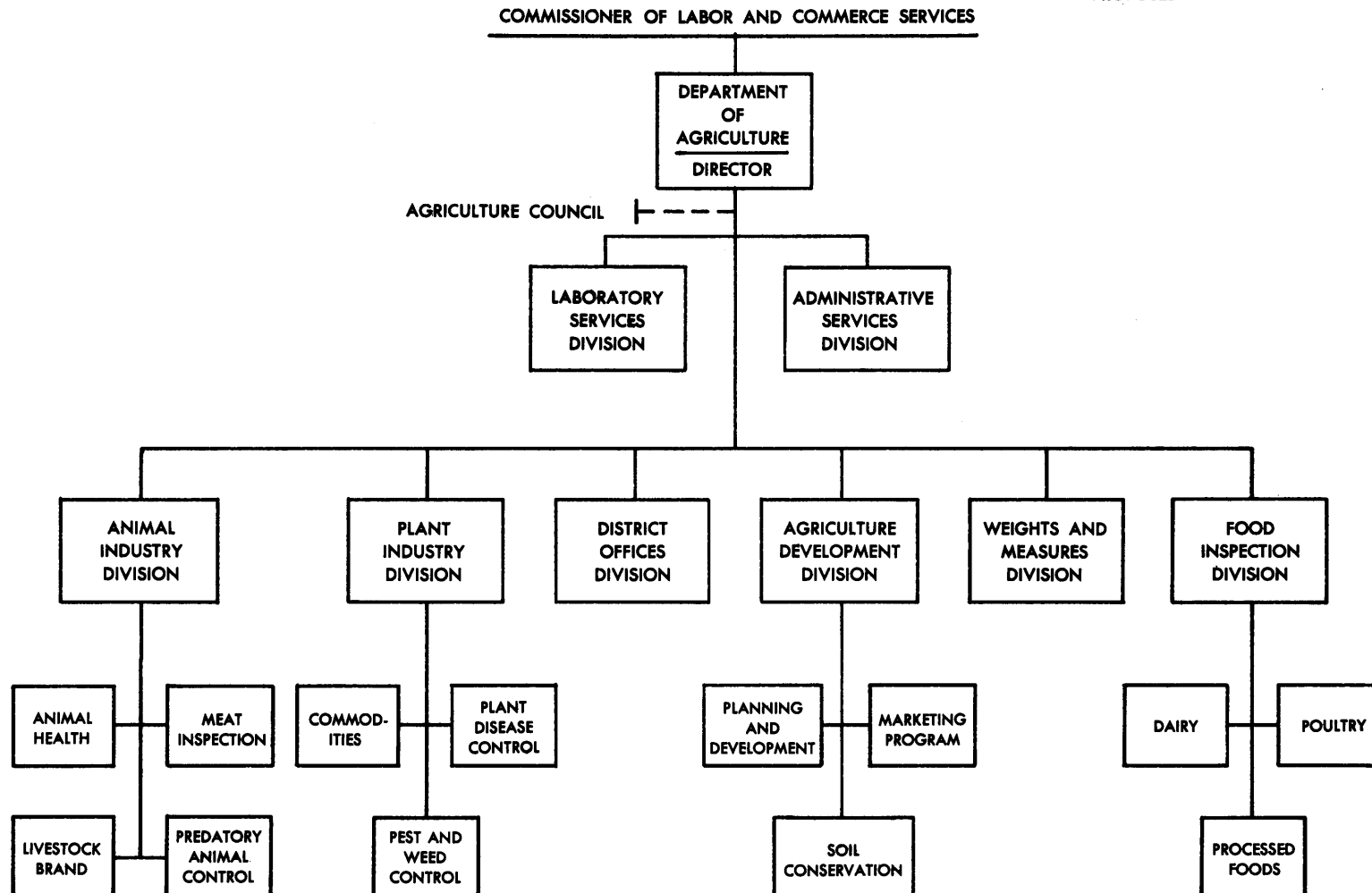
- . An animal health section to develop and administer a program to prevent, detect, control, and eradicate animal disease.
- . A meat inspection section to perform the compulsory meat inspection service on all animals slaughtered for human consumption.
- . A livestock brand section to provide for the state wide brand registration and inspection service.
- . A predatory animal control section to provide for the protection of livestock through control and elimination of predators.

(2) Plant Industry Division

This division should be responsible for providing protection and assistance in the production and marketing of the wide variety of agricultural plant commodities. It should be divided into three sections, as follows:

- . A commodities section to recommend the establishment and enforcement of rules and regulations covering the inspection, grading, labeling, and marketing of agricultural commodities, and to provide assistance to farmers in matters of production and marketing.
- . A plant disease control section to detect and prevent spread of plant disease or pests through inspection and quarantine.

EXHIBIT XXXV  
STATE OF UTAH  
DEPARTMENT OF AGRICULTURE  
PROPOSED PLAN OF ORGANIZATION



- . A pest and weed control section to provide for the control and eradication of pests and noxious weeds injurious to crops, stored products, range lands, man, or animals, including the approval of economic poisons to be used in these programs.

(3) Food Inspection Division

This division should be responsible for recommending the establishment of and enforcing rules and regulations for the inspection, grading, and labeling of dairy products, poultry products, and processed foods to protect the public from adulterated or misrepresented foods. It should contain three sections representing the major grouping of products for which it is responsible - a dairy section, a poultry section, and a processed foods section. Included in the processed foods section should be the licensing and regulation of bedding and upholstered furniture products and cold storage warehouses and locker plants.

(4) Weights and Measures Division

This division should be responsible for providing for inspection and adjustment of all weighing and measuring devices throughout the state, including portable scales used for on-site construction products.

(5) Agriculture Development Division

The agriculture development division should be created to carry out the department's responsibilities for stimulating the growth and improvement of the agricultural industry in Utah. Included in this division should be the following sections:

- . A planning and development section to develop short- and long-range plans and programs for improvement of the agriculture industry, serve as a source of agriculture information, and cooperate with the Utah State University agriculture extension services and other public and private organizations in providing educational programs.

- . A marketing program section to administer and enforce marketing orders.
- . A soil conservation section to carry out the department's role in the federal-state-local cooperative programs for soil conservation.

(6) District Offices Division

This division should be established to administer the several department district offices located throughout the state. These offices should provide administrative direction and support to the specialists assigned to the district, represent the entire department in contacts with the public, and coordinate the activities of the department in their geographic area.

The grouping of these offices into a divisional unit reflects the need for greater management attention to their responsibilities and activities. It is in these offices that improvement in the use of inspection personnel and cooperation with other government agencies must come.

(7) Administrative Services Division

This staff support division should be responsible for providing accounting, record-keeping, and personnel services to the entire department. It should be divided into three sections: accounting, records, and personnel. Special emphasis should be given to the organization of the personnel section to give attention to needed personnel management programs such as recruiting, training, and compensation.

(8) Laboratory Services Division

This division should be established to provide the full range of chemical, and biological laboratory services required by all department units. It should include the present state chemist laboratory and seed laboratory. The adoption of the recommended plan of organization for department activities should enable the department to perform its many diverse functions in a more effective manner with needed management direction and control.

Additional steps should be taken to further improve department effectiveness and provide for better utilization of personnel, as follows:

6. 1 Transfer Responsibility for the Administration of Drug and Cosmetic Laws to the Department of Health

The responsibility for protecting the public from adulterated or misrepresented foodstuffs is an appropriate responsibility of the department of agriculture because they basically are products of the agriculture industry. However, drugs and cosmetics have a much closer relationship to the medical profession and, thus, their regulation should be assigned to the department of health.

6. 2 Take Further Steps to Better Utilize Inspection Personnel in District Offices

Most inspection personnel are presently specialists in one specific area of inspection service. This arrangement, while probably necessary in some functions where specialized technical training and skills are required, does not lend itself to efficient utilization of personnel. The department has recognized this and has taken steps to better use its agricultural inspectors by assigning them broader responsibilities for plant commodities inspection and grading.

However, much can be done to further improve manpower utilization by having inspectors who are assigned to district offices handle a broader range of inspection and grading functions. To do this will require better formal and on-the-job training of inspectors and generally upgrading the inspector classifications. An effective program of inspector utilization should result in a reduction of number of inspectors required through a reduction of travel time and of seasonal fluctuations in work load.

6. 3 Continue to Eliminate Duplication of Services Through Cooperative Agreements with Federal, Other State, and Local Agencies

It is patently wasteful for more than one unit of government, regardless of level, to perform the same service. The department of agriculture has recognized this and is party to many agreements with federal and local government agencies



regarding the sharing of inspection responsibility. This practice should be encouraged and extended whenever possible, so long as quality of service does not suffer.

One specific example of duplication which now exists is the inspection of gasoline pumps as measuring devices by the department of agriculture and the collection and analysis of samples of gasoline to assure quality by the department of highways. While it may be impractical from a capital outlay standpoint to transfer the laboratory analysis of gasoline to the department of agriculture, the collection of samples for analysis should be assigned to the weights and measures inspectors who could obtain the samples at the same time they inspect the pumps.

7. ELIMINATE THE PRESENT INDUSTRIAL COMMISSION AND LABOR RELATIONS BOARD AND ASSIGN THEIR RESPONSIBILITIES TO A DEPARTMENT OF LABOR

The responsibility for the administration of the various laws which relate to the regulation of commerce for the protection of employees is presently assigned to a three-man, full-time industrial commission. Its members also serve ex-officio as the Utah labor relations board.

The problems associated with full-time administrative commissions have been discussed throughout this report. Although the members of the industrial commission are conscientious men dedicated to their task, their effectiveness is restricted by this type of structure. It is recommended, therefore, that the management responsibilities of the industrial commission and labor relations board be assigned to a department of labor, headed by a single director.

The director should be appointed by the governor, with senate consent, and serve at the discretion of the governor. He should be assisted by a labor council which should have general advisory council responsibilities as described in chapter 15. In addition, the apprenticeship council should be eliminated and its advisory functions assigned to the labor council.

The employment security responsibilities of the industrial commission should be transferred to the commissioner of health and welfare services as discussed in chapter 8.

8. ORGANIZE THE DEPARTMENT OF LABOR INTO THREE  
OPERATING DIVISIONS AND ONE STAFF SERVICE DIVISION

The present organization structure of the industrial commission provides a basis for a plan of organization for the recommended department of labor. The department should be organized into three operating divisions and one staff service division as shown on Exhibit XXXVI and discussed below.

(1) Labor Law Enforcement Division

This division should be responsible for the administration and enforcement of the various labor laws including labor disputes, employment of women and minors, wage security, private employment agencies, and discrimination in employment. The division should be staffed with trained investigators qualified to investigate complaints and enforce all laws.

(2) Industrial Safety Division

The industrial safety division should be assigned responsibility for the administration and enforcement of industrial safety laws and regulations, certification of certain classifications of industrial workers, and promotion of safe work practices and equipment through safety education. This latter responsibility should be transferred from the state insurance fund office.

(3) Workmens Compensation Division

This division should be responsible for the administration and enforcement of the workmen's compensation and occupational disease laws and programs.

(4) Administrative Services Division

The administrative services division should provide accounting, records, and personnel services throughout the department.

When quasi-judicial determinations are required in the administration of department responsibilities, the industrial commission should be retained, on an interim basis, to deal with these cases. Ultimately, these functions should be transferred

to an administrative court and this commission discontinued.

The adoption of this and the preceding recommendation for the department of labor should provide a simplified plan of organization which can provide for more dynamic leadership in carrying out the state's important responsibilities for the protection of its labor force.

9. DISCONTINUE THE BUSINESS REGULATION COMMISSION  
AND ASSIGN ITS RESPONSIBILITIES TO A DIRECTOR OF  
THE DEPARTMENT OF BUSINESS REGULATION

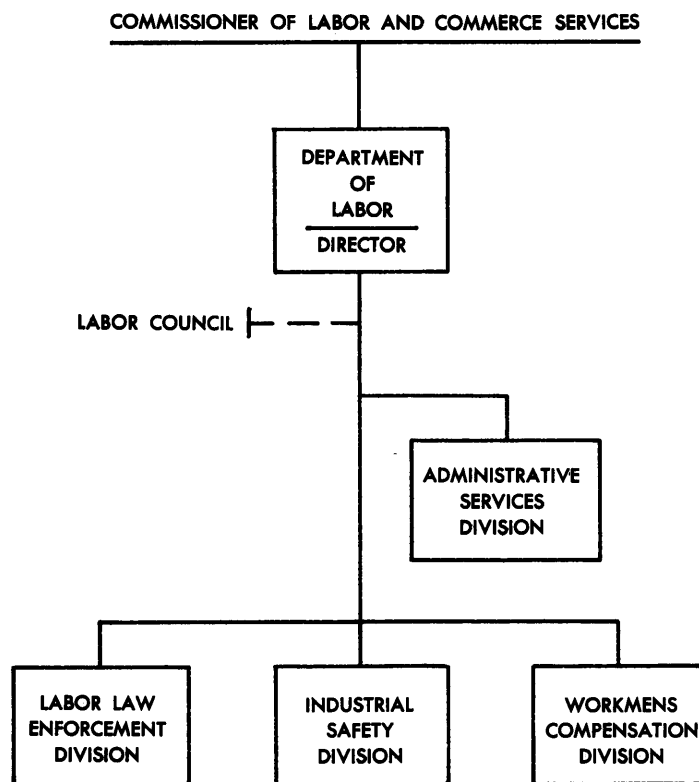
The department of business regulation is administered by a full-time three member commission. Its members also serve ex-officio as the public service commission, securities commission, and trade commission. This pattern of organization with the same men involved collectively in the administration of several separate programs creates confusion regarding organizational authority, responsibility, and accountability beyond that normally found in administrative commissions.

To provide for clear lines of authority and responsibility in the administration of these important regulatory functions, it is recommended that these commissions be eliminated and their responsibilities be assigned to a director of the department of business regulation. The director should be appointed by the governor, with senate consent, and serve at his discretion.

The business regulation advisory council should be retained, but its organization and responsibilities should be revised to conform with the recommendations in chapter 15 for advisory councils. Also, it should be assigned the present responsibilities of the contractor's advisory board and the board of credit union advisors.

For the time being, the business regulations commission should be retained to handle cases involving quasi-judicial and legislative hearing functions. After accurate work load determinations are made, these functions should be transferred to the administrative court and the business regulation commission discontinued.

EXHIBIT XXXVI  
STATE OF UTAH  
DEPARTMENT OF LABOR  
PROPOSED PLAN OF ORGANIZATION



10. TRANSFER THE FUNCTIONS OF THE INSURANCE DEPARTMENT, BANKING DEPARTMENT, BOARD OF ABSTRACT COMMISSIONERS, AND ATHLETIC COMMISSION TO THE DEPARTMENT OF BUSINESS REGULATION

The basic functions of the banking department, insurance department, board of abstract commissioners, and athletic commission are the same as those of the department of business regulation. They are regulating a segment of commerce for the purpose of protecting the public from fraud, unreasonable charges, or sub-standard service.

There do not appear to be any valid reasons for these agencies to be independent, autonomous units - to the contrary, it makes good sense for them to be administered together with other similar regulatory agencies. It is recommended, therefore, that these agencies be combined with the department of business regulation.

The banking department and insurance department should become divisions within the business regulation department. The board of abstract commissioners should be assigned to the registration division as an abstractors committee. The athletic commission should also be assigned to the registration division and be re-designated as the professional athletics committee.

11. ORGANIZE THE EXPANDED DEPARTMENT OF BUSINESS REGULATION INTO FIVE OPERATING DIVISIONS AND TWO STAFF SUPPORT DIVISIONS

To reflect the assignment of additional functions and the new top management structure suggested in the two previous recommendations, it is recommended that the expanded department of business regulation be organized into five operating and two staff support divisions. The recommended plan of organization is shown on Exhibit XXVII, and discussed below.

(1) Public Service Division

This division should carry out the functions presently assigned to the public service commission for the supervision and regulation of all public utilities doing business in Utah.

(2) Securities and Trade Division

This division should be created by combining the staffs and functions of the present securities commission and trade commission. One exception should be to transfer the responsibility for examining and licensing real estate brokers and salesmen to the registration division and redesignate the real estate board of examiners as the real estate committee attached to that division.

(3) Registration Division

The registration division should assume the responsibilities of the present department of registration and those of the board of abstract commissioners and athletic commission discussed previously. Also, the department of contractors, now a separate unit within the business regulation department, should be included in this division.

(4) Insurance Division

The insurance division should assume the responsibilities of the present insurance department for the regulation of the insurance industry.

(5) Banking Division

This division should be responsible for the regulation of banking as now handled by the banking department.

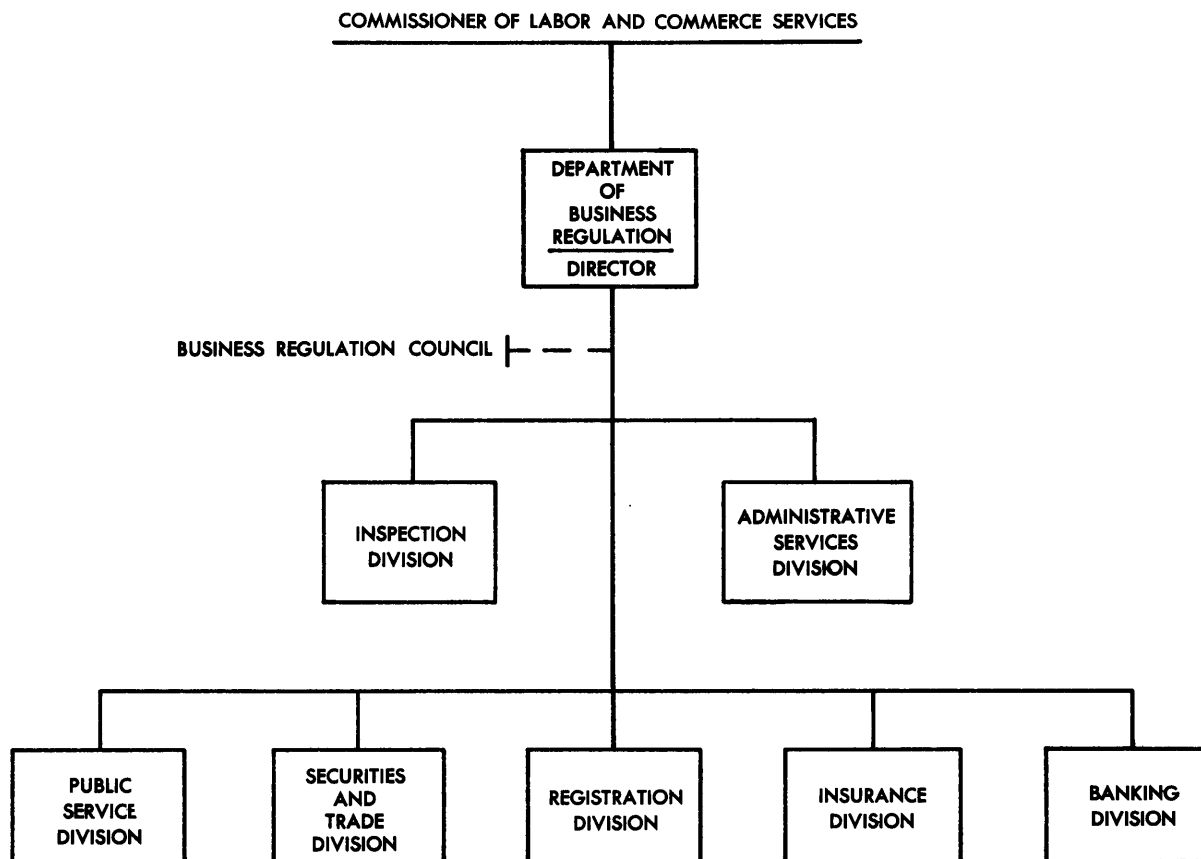
(6) Administrative Services Division

The administrative services division should be established to provide accounting, collections, personnel, and records services to the entire department.

(7) Inspection Division

This division should continue as a staff support unit providing investigation and inspection services to the operating divisions. The individual operating divisions will require, in varying degrees, specialized examiners of their own and can draw upon the central pool in the inspection division as required.

EXHIBIT XXXVII  
STATE OF UTAH  
DEPARTMENT OF BUSINESS REGULATION  
PROPOSED PLAN OF ORGANIZATION



The adoption of this recommendation should provide strong coordination and management of the important functions relating to the regulation of business enterprises.

12. DISCONTINUE THE LIQUOR CONTROL COMMISSION AND ESTABLISH IN ITS PLACE A PART-TIME BOARD OF DIRECTORS AND A FULL-TIME GENERAL MANAGER

The purchase, distribution, sale and control of alcoholic beverages in Utah are supervised by the liquor control commission. The commission employs approximately 240 persons and operates 30 stores, 57 package agencies, and a central warehouse in Salt Lake City from which liquor is distributed to stores and agencies. During the fiscal year 1964-65, operations of the liquor control commission showed the following financial results:

		<u>Percent of Sales</u>
Liquor Sales	<u>\$18,900,000</u>	<u>100%</u>
Wholesale cost of liquor	12,100,000	64
Administrative expense	1,500,000	8
Net profit	5,300,000	28

It is evident from the above that the liquor control commission is a business enterprise of major proportions. Although limited in its operations by certain statutory restrictions, its primary function is to purchase, warehouse, and sell alcoholic beverages in the state of Utah. The profits derived from this enterprise are transferred to various funds and used to support state and local programs.

Although the liquor control commission is a "business" enterprise, its organization and administrative practices are not conducive to sound business management and have resulted in serious problems. The most significant of these problems are listed below:

- The commission form of organization with administrative responsibility and authority divided between three full-time commissioners is contrary to all principles of effective business management.
- The assignment of responsibilities and organizational relationships at the division and section levels do not promote efficient and economical operation.



- Many tested and effective methods and procedures for efficient and economical business management have not been adopted and implemented making the operations unwieldly, inefficient and costly.
- Present legal and budgetary restrictions have inhibited the ability to take advantage of income improvement opportunities.

The present commission has recognized some of these problems. However, little action has been taken due to statutory and budgetary restrictions, the unwieldly nature of its decision-making process and organizational structure, and its interpretation of moral restrictions.

The commission develops policy and exercises administrative control. The assignment of day-to-day administrative and operational responsibilities to a three member commission violates all principles of sound business management. Many of the problems existing today in the liquor control commission can be directly traced to this form of administration and its inherent inefficiencies. The most significant of these problems are the following:

- Responsibility is divided and accountability is diffused and ill-defined.
- In the dynamic operation of an efficient wholesale/retail business, quick decisions and actions are necessary in adjusting to changes in the market if costs are to be controlled and sales levels maintained. However, under the existing organizational structure, decisions concerning suppliers, purchases, inventory levels, pricing, employment and utilization of personnel, location of stores and package agencies can only be made by the commission. Therefore, many administrative decisions cannot be made without extended meetings, discussions, and compromises, resulting in delays and reduced efficiency.
- Assignment of functional responsibilities to different commissioners prevents effective management of the total enterprise.

- Commissioners tend to become involved in many routine administrative matters. This depth of administrative involvement wastes what should be the valuable time of top executives and impedes the development of capable middle and lower management groups.

In short, it is apparent that effective and efficient management cannot be achieved under the present form of organization. Therefore, it is recommended that the present commission be discontinued and replaced with a part-time board of directors and a full-time professionally trained general manager.

The recommended board of directors should function in the exact manner of a traditional corporate board of directors and should have the following responsibilities:

- (1) Objectives: The board should stimulate and oversee the development of both broad and detailed objectives for each aspect of the department's operation. Objectives should be short-term (one year ahead) and long-term (five to ten years in the future). Objectives should be in writing and clearly stated to permit subsequent performance evaluation. The board should also review and approve short and long-range plans developed by the department staff and designed to achieve objectives. Finally, objectives and plans should be cast in quantitative terms such as expense ratio objectives and rate of turnover targets so that management can be evaluated on the basis of actual performance.
- (2) Policy: The board should establish basic departmental policies. Policies should be framed broadly and flexibly - to give clear guidance to department management, but to avoid rigidity that inhibits imaginative administration.
- (3) Performance Evaluation: The board should evaluate the performance and progress of the department, using as measures: (1) progress toward objectives; (2) administrative operations within policy guidelines; and (3) concise and meaningful management reports by the general manager. Further, the board should

develop criteria against which the general manager's performance should be measured and should formally evaluate his performance annually and in his presence.

- (4) Leadership: The board should be responsible, in coordination with the general manager, for developing and carrying out a planned program of external relations - with the legislature, other state and local agencies, and the general public

The board of directors should serve as a watch-dog of the public interest and be composed of five members appointed by the governor to serve at his discretion with senate confirmation. Board membership should include prudent and experienced community leaders and the commissioner of labor and commerce services as an ex-officio member. The board should elect its own chairman annually. The board should meet quarterly and more frequently in case of emergency and at the request of the chairman or general manager. Board members should be compensated \$100 for each regular meeting, a traditional means of compensating board members for their participation and leadership.

The general manager should be appointed by the board of directors, with the approval of the governor. The board should have the responsibility to remove the general manager if his performance has not met its standards. He should be responsible and accountable for the overall management and control of the activities of the department of liquor control and be given authority to carry out these responsibilities. The most significant of these would be:

- (1) Planning: Development and implementation of long and short-range plans for the achievement of department objectives.
- (2) Policy: Formulation of recommended policies for the approval of the board of directors and establishment of operating policies and procedures to implement programs within board guidelines.
- (3) Management: Day-to-day direction, coordination, and delegation of responsibility to department executives and the development of a dynamic and requiring system of management.

- (4) Control: Establishment and maintenance of an integrated system of management controls to provide up-to-date performance information in order to quickly identify problem areas and take vigorous corrective action.
- (5) Reporting: Preparation of meaningful reports to the board of directors to assist them in evaluating department performance.

Implementation of the organizational changes recommended assures that very sensitive major policy and regulatory matters will receive careful and objective consideration by the board of directors and provides a structure for dynamic, effective, and business-like management.

13. ORGANIZE THE DEPARTMENT OF LIQUOR CONTROL INTO THREE DIVISIONS: PURCHASING AND DISTRIBUTION, RETAIL OPERATIONS, AND CONTROL AND ADMINISTRATION

The present organization of the liquor control commission reflects an arbitrary assignment of responsibilities to the three commissioners rather than a logical division of functions found in a typical wholesale/retail business. Under the present plan, there are several opportunities for improvement.

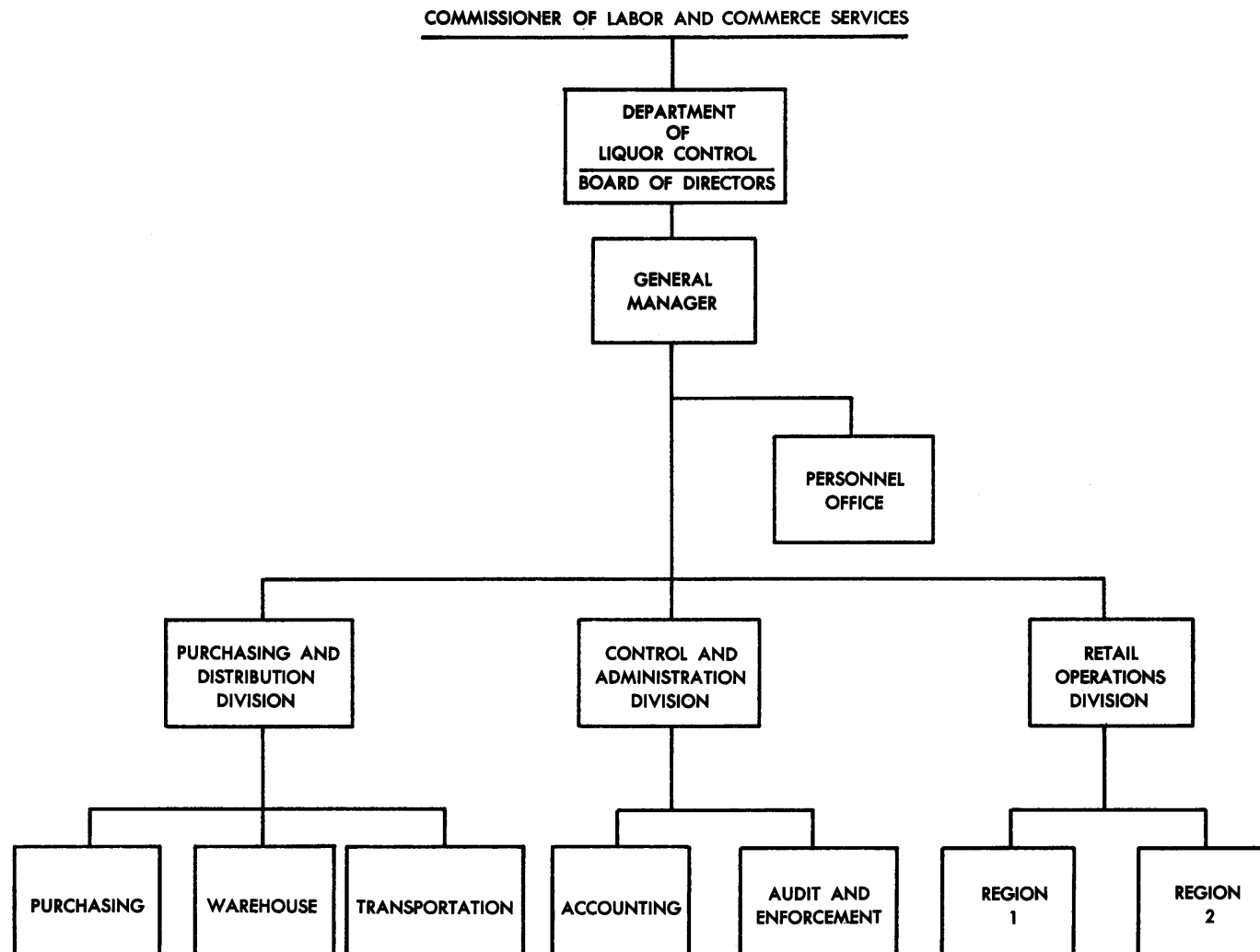
- An appropriately close relationship between purchasing and warehousing is not provided for in the organizational structure, making it difficult to establish controls over warehousing and distribution costs.
- The supervisor of stores and agencies has an unrealistic span of control with 30 store managers and 57 package agencies reporting directly to him.
- The integrity of the audit function is partially compromised, as the supervisor of stores and agencies exercises some control over the field auditors.
- The importance of effective personnel management is not recognized organizationally.
- The duties of the newly appointed inspectors are not related to other control and audit programs.

In order to eliminate these deficiencies and provide an organizational framework that permits effective, business-like management and control, it is recommended that the proposed department of liquor control be organized into three divisions as shown in Exhibit XXXVIII. Following are some of the major characteristics of this plan.

- The grouping of the purchasing, inventory and distribution functions into a single division permits clear assignment of responsibility for the control of costs associated with these functions.
- The establishment of regional store and agency managers encourages effective geographic supervision of sales outlets. This type of organization will clearly pinpoint responsibility for store and agency location planning, cost control, point of sale inventory management, and distribution effectiveness. Each regional supervisor would be expected to aggressively manage and evaluate operations of all outlets in his region. He, in turn, would be evaluated in relation to profit and cost ratio objectives adopted by the board.
- The combination of the auditing and enforcement functions under the controller, provides needed coordination as well as independence from the operating divisions.
- The need for top management attention to effective personnel administration is recognized through the establishment of a personnel office under the general manager.

Most importantly, the recommended plan is derived from a rational classification of the flow of work through the department and permits assignment of responsibilities which are meaningful and easily understood. Finally, the plan provides a framework for management that better equips the department to identify and implement cost reduction and income improvement opportunities. It indeed provides the structure for a state-owned business to operate in a business-like way.

EXHIBIT XXXVIII  
STATE OF UTAH  
DEPARTMENT OF LIQUOR CONTROL  
PROPOSED PLAN OF ORGANIZATION



14. TAKE STEPS TO CAPITALIZE ON APPARENT COST  
REDUCTION OPPORTUNITIES

The fact that the liquor control commission earns a profit in excess of \$5,000,000 tends to divert attention from the very real opportunities which exist for further improvement in operations. Evaluation of operations points to six principal areas for cost reduction opportunities. The potential savings represent conservative rough approximations but in each case, the potential gain to the state is sufficient to warrant further detailed study in each area. Cost reduction opportunities which have been identified are set forth in the following recommendations.

14.1 Purchase the Present Warehouse Building

The new warehouse in Salt Lake City has been leased for 15 years at an annual rental of approximately \$41,000. Steps should be taken to explore the possibility of purchasing the warehouse and cancelling the lease. If the warehouse could be purchased for around \$250,000, annual costs would be reduced by \$20,000 to \$25,000 per year, assuming a 25 year depreciation and annual maintenance expense of \$5,000 to \$10,000.

14.2 Consider Buying or Building Stores in Lieu of  
Renting

The annual rental of 30 existing stores approximates \$100,000. Continuing savings may be realized by gradually acquiring ownership of the more profitable retail stores. This could be accomplished by building or buying facilities for some new and relocated stores, together with possible purchase of some of the stores now leased.

14.3 Consolidate Certain Stores Which are Located Close  
Together

Certain stores in metropolitan areas are located within a few blocks of each other. Consolidation of these stores would reduce expenses considerably and would permit more efficient operation at the remaining location.

Concern has been expressed over the possible reduction in sales resulting from such actions. However, it is highly probable that the customers of closed stores would be diverted

to the remaining store or to other stores in the vicinity and that no significant loss would occur.

#### 14.4 Convert Small, Low-Profit Stores Into Package Agencies

The sales volume of some of the larger agencies and smaller stores is reasonably comparable. However, the large agencies are returning as much as 30% net profit while some of the low-volume stores are earning somewhat less. Examples in each group are listed below:

##### 1964 Sales and Profit Results

<u>Small Stores</u>	<u>Sales</u>	<u>Net Profit Percentage</u>
#17 Orem	\$197,000	27.4%
#18 Cedar City	168,000	24.0
#27 Moab	200,000	26.0
#28 Vernal	174,000	25.0
#26 Kearns	241,000	27.5
#23 Roy	240,000	28.8
#11 Magna	224,000	28.3
# 7 Price	264,000	28.0

<u>Large Agencies</u>	<u>Sales</u>	<u>Net Profit Percentage</u>
# 3 Granger*	\$172,000	30.5
#35 Clearfield*	180,000	29.7
#36 Layton	177,000	30.0
#47 Midvale	230,000	29.8
#58 American Fork	151,000	28.9
#82 Helper	150,000	27.8

\*Agencies which were recently replaced by stores.

This comparison suggests that wherever annual sales volume is \$250,000 or less, a package agency may be more profitable and practical than a store--unless it is found that substantial reductions can be made in store expenses through other recommended action.



#### 14.5 Improve Inventory Turnover

On May 31, 1965, the liquor inventory amounted to \$2,560,000, distributed as follows:

Central warehouse	\$1,155,000
Retail stores	1,103,000
Package agencies	<u>302,000</u>
	<u>\$2,560,000</u>

At the 1964 level of sales, this overall inventory represents a 2 and 1/2 month stock and turnover ratio of 4.8. Analysis of the individual store inventories shows a wide variation in turnover ranging from a low of 3.5 times per year to a high of 14 times per year. Substantial slow moving stocks apparently exist and popular brands are not being turned over as rapidly as they might.

It should be possible to bring about a substantial increase in inventory turnover through:

- Better and more uniform control procedures.
- A reduction in slow-moving stocks.
- More frequent delivery service to some stores.

Determination of the optimum inventory level requires a study of all significant economic factors. Experience in similar situations, however, indicates that an overall turnover target of at least 10 times per year would be desirable and feasible. If this ratio were attained, it would mean that present sales could be supported by an inventory of \$1,250,000 instead of the present \$2,560,000. This would permit the diversion of over \$1,000,000 in invested funds to other uses.

#### 14.6 Provide In-House Delivery Service to Additional Stores and Agencies

The liquor control commission operates four delivery trucks, two of which are owned and two of which are leased from the motor pool. These trucks deliver liquor and supplies to stores and agencies in the Salt Lake-Ogden metropolitan

areas and along the main highway south as far as Payson. Deliveries in this area account for about 80% of the total warehouse shipments. Shipments to stores and agencies outside this area are made by common carrier. In fiscal 1964-65, delivery expense, excluding salaries and wages, amounted to \$77,000 of which about \$55,000 was paid to common carriers and about \$13,000 was for truck rental.

Extension of the commission's own delivery service, together with full ownership of all vehicles should reduce delivery expense by \$20,000 to \$30,000 per year.

There are several possible sections of the state which should be studied to determine the most economical delivery service pattern. These include:

- The north-south highways to St. George along which about 19 outlets are now serviced by common carrier.
- The Logan-Brigham City area.
- The eastern highways leading to Vernal.
- The southeastern highways leading to Monticello.

Some of the outlying areas undoubtedly should continue to be served by common carrier. Even in these cases, however, it may prove economical to have supplies shipped to a transfer point in the commission's truck.

#### 14.7 Improve Store Labor Utilization

The staffing costs of the retail stores varies widely. The more efficient stores averaged \$28 of labor per \$1,000 of sales in 1964 and the lowest ratio was \$23 (Store #34). At the other extreme, this ratio rose as high as \$54 per \$1,000 of sales (Store #18) and several others ran close to \$50.

Observations indicate that the stores generally are significantly overmanned and that labor is poorly utilized in comparison with good commercial practice.

Reduction of store labor costs can be accomplished in several ways including the following:

- Simplification of the work being performed and particularly the "paperwork" involved in sales transactions.
- Consolidation of the order handling and cashiering functions where feasible.
- Elimination of obvious excess crews.
- Greater use of part-time labor to handle peak loads.
- Adoption of the self service, "supermarket" approach in certain stores.

The store payroll, including associated payroll charges, is approximately \$535,000 per year at present. It is estimated that store labor costs could be reduced annually by 20%, or approximately \$100,000 if the steps outlined above are taken.

15. REMOVE STATUTORY RESTRICTIONS ON PRICING POLICY AND ASSIGN THIS RESPONSIBILITY TO THE BOARD OF DIRECTORS OF THE LIQUOR CONTROL DEPARTMENT

Present statutes require a retail mark-up of over cost of 55 percent on liquor and 45 percent on wines. In addition there is an 8 percent school lunch fund tax and a 3.5 percent sales tax on the retail price.

The theory that higher prices automatically produce higher profits is not valid for this type of business. Although there are no competing sources of liquor in Utah, today's mobile society makes it convenient to obtain liquor from neighboring states which have substantially lower prices. There is a price differential point at which Utahns will inconvenience themselves to buy liquor out of state. This activity is difficult and expensive to control and the state could lose more revenue through the "leakage" than it makes through higher prices.

It thus becomes apparent that pricing policy is a matter requiring careful study and knowledge of the market and should be flexible enough to permit adapting to changing market conditions. It is recommended that these determinations be left to the board of directors.

16. ELIMINATE RIGID BUDGETARY RESTRICTIONS ON LIQUOR CONTROL OPERATIONS

In the management and operation of a wholesale/retail business, flexibility is needed in financial matters. Legislative budgetary restrictions which limit the department to a fixed operating budget for a two year period prevent flexibility. As a result, management is unable to take quick advantage of changing market conditions and cost reduction opportunities.

It is recommended that the operating budget be prepared by the general manager and submitted to the board of directors for approval. The budget should be designed to provide the board an legislature with sales forecasts, store location plans, pricing policies, anticipated operating costs and other pertinent data. The board should be authorized by the legislature to approve and make adjustments in the operating budget subject to broad legislative controls and approval of the governor.

17. REQUIRE AN ANNUAL AUDIT OF RECEIPTS, EXPENDITURES, AND TRANSACTIONS BY AN OUTSIDE PROFESSIONAL AUDITING FIRM

It is highly important that the public, as well as the legislature and the executive branch of Utah state government develop a high degree of confidence that the financial affairs of the liquor control organization are handled prudently, honestly, and with sound business judgment. One way to achieve such a level of confidence is to subject financial transactions to systematic and rigorous financial audits. Therefore, an annual audit should be conducted by an independent, private auditing firm, an organization of substance and reputation whose analysis and judgment is beyond question. This approach is the only sound way to provide the commission's stockholders, the people of Utah, with the protection and assurance that they require.

One final point should be underscored. Currently, liquor manufacturers retain over 50 representatives to assure that their products receive optimum consideration in Utah. This particular practice, in the judgment of this Commission, is wrong and should be discouraged. The state of Utah does not need liquor representation; no useful purpose is served by such representation; and the practice itself is inimical to the public interest and contrary to the mores and tradition of our people.

## BENEFITS TO UTAH

Implementation of the recommendations proposed in this report should result in several tangible benefits:

- Overall management and coordination of the state's regulatory activities in labor and commerce.
- A simplified and functional organizational structure for individual regulatory departments.
- An improvement in the quasi-judicial process of regulatory agencies through a separation of executive and rule-making functions from judicial-type determinations.
- Cost reduction opportunities, especially in the area of liquor control.

These benefits are significant and should be promptly sought.

### X III. HIGHER EDUCATION

In view of time limitations, this Commission did not perceive its present role to extend to the study of organization and management details of Utah's institutions of higher learning. Instead, Commission efforts in higher education were devoted to consideration of how best to coordinate the state's total higher education program.

#### CONCLUSIONS

Though it is clear that the people of Utah and its legislature are strongly committed to a sound program of quality higher education, a review of the past and present situation leads this Commission to certain inescapable conclusions:

- The coordinating council on higher education has served a useful, though limited purpose. College and university representation on the council has not contributed to objective evaluation of state-wide educational requirements, purposes, and programs.
- There have not been developed a set of fundamental and uniform policies or "ground rules" geared to a master plan for higher education and applicable to all institutions.
- The legislature has no meaningful way to evaluate the budget requests of the several institutions. Though the coordinating council has been helpful in the budget review process, program statistics and cost data are not collected uniformly, nor are there adequate and fully comparable data on which to make intelligent budget decisions.
- Too often, appropriations are based upon the amount of legislative influence an institution can mount.

While this Commission believes that a certain amount of competition is a healthy thing and that a striving for excellence should be

encouraged, we also believe that the higher education needs of our entire state must take precedence over the aspirations of individual institutions.

## RECOMMENDATIONS

In light of the obvious problems which exist in the state's overall organization for higher education, this Commission offers the following recommendations for improvement:

### 1. RETAIN PRESENT BOARDS OF TRUSTEES AND REGENTS

Community participation in the affairs of institutions of higher learning is an entirely legitimate activity and should be continued. Citizens have natural pride in their institutions and can provide helpful guidance to professional staff from a policy standpoint. Therefore, it is recommended that the present policy boards be retained.

### 2. RECONSTITUTE THE COORDINATING COUNCIL AS A BOARD OF HIGHER EDUCATION

It is recommended that a nine member, bi-partisan board of higher education be appointed by the governor to serve for six year staggered terms. Gubernatorial appointees should be confirmed by the senate and should be selected from the most outstanding leaders in Utah. Members should be on a per diem basis, consistent with their significant responsibilities.

To impliment this change, it is recommended that the existing members of the coordinating council appointed by the governor serve out their designated terms. The governor, however, should appoint three new members to round out the proposed membership. It would naturally follow that the board of higher education would have no institutional representatives. Institutional representation would be achieved by a free flow of communication between this board and the various institutional boards.

The board of higher education should be responsible for appointment and removal of its executive secretary.

3. DRAW DISTINCT LINES OF RESPONSIBILITY AND AUTHORITY  
BETWEEN THE BOARD OF HIGHER EDUCATION AND THE  
SEVERAL INSTITUTIONAL BOARDS

At the outset, it is important to outline the major responsibilities that boards of individual institutions should retain, so that future relationships with a board of higher education may be clear:

- A policy role, for the guidance of top management in each institution.
- Responsibility for setting objectives and developing institutional plans subject to review by the board of higher education.
- An organizational role, in appointment of top administrative officers, approving overall university plans of organization, and developing and implementing broad organization plans; responsibility for approving salary plans and programs that are consistent with the objectives of each institution.
- A financial role, in terms of screening institution budgets, submitting them to the board of higher education, and advocating their financial plans in budget hearings; responsibility for approving major budget adjustments during the year under guidelines to be developed by the board of higher education.
- Responsibility for evaluating the performance of the president and other members of the institution's management group.

These are substantial responsibilities not unlike those now carried on by the various higher education boards in Utah.

4. ASSIGN THE BOARD OF HIGHER EDUCATION MEANINGFUL  
RESPONSIBILITIES

In order to achieve meaningful coordination, directed planning, and a dynamic state-wide higher education program, it is essential that the board of higher education be more than a review, refining, and editing group. It needs authority which will permit it to capitalize on the strengths and resources of our existing colleges and universities to the end that total needs of higher education



in Utah can be met. In broad terms, these responsibilities should include:

- Develop a master plan for higher education in Utah and encourage the institutions of higher learning to develop institutional plans compatible with the master plan.
- . Development of a statement of purposes for state-wide education and stimulating the development of similar and consistent purposes by individual institutions.
- . Preparation of a state-wide plan for higher education, including specific enrollment projections, detailed objectives, gross program assignments, faculty and administrative staff requirements, facility needs, and financial requirements. Planning should continue to be carried on within the individual institutions but such planning should be consistent with the overall state plan for higher education.
- . Development of a set of basic higher education policies which are consistent with the master plan and apply to all institutions.
- Approve gross changes in curriculum, programs, or services, including major new programs to be offered by institutions.
- Determine the need for and the characteristics and general location of new institutions of higher learning; evaluate the need for new facilities at existing institutions and recommend such facilities for inclusion in the state's capital building program.
- Develop standards and criteria for facility utilization, overall manpower planning, faculty work load, etc.
- Conduct on-going management and cost analyses of the several institutions and recommend improvements designed to upgrade programs, reduce costs, or use available funds more effectively.

- Design budget formats and develop data requirements and budget procedures that will require comparable data and form the basis for sound analysis.
- Conduct rigorous budget hearings and require sound justification of all operating and capital budget requests. This process should be sufficiently intensive and penetrating that total budgets for higher education should stand on their merits both in the governor's budget hearings and in legislative appropriation reviews.
- Design a management information system which identifies the specific information factors that are needed both from an institutional top management standpoint and from the overall requirements of the board of higher education.

The proposed board of higher education functions are designed to pull together the many existing strengths of our present institutions and focus our efforts and resources more effectively.

5. ORGANIZE A SMALL, BUT HIGHLY TRAINED PROFESSIONAL STAFF

If the proposed board of higher education is to be worth its salt, it will require reliable and comparative data, continuing analyses of cost and other factors, and meaningful information and evaluations on a wide range of subject matter. To do this, the board will need a small, skilled staff with the talents to pay for their services many times over in terms of achieving actual cost reductions, more effective utilization of resources, and an improved situation generally. The recommended staff should be viewed as a service unit - both to the board and to individual institutions. Functions to be performed should be:

- Management analysis and budget examination. These functions should be staffed with specialists from the recommended budget and administrative services agency and assigned on a project basis to the board of higher education.
- Research and development. This function would involve development of standards and criteria for measuring institutional performance, continuing analysis of

statistical data, and the like.

- Coordination of efforts to gain federal funds.
- Other central services that may be required.

One of the most important functions of the proposed staff will be to establish a meaningful liaison and working relationship between and among the institutions in order to define and solve common problems. Many of these problems will be of a management nature, including:

- Development of common forms and procedures in order to establish a consistent information basis for comparing inter-institutional progress.
- Development of a fully integrated accounting and reporting system.
- Determination of a basis for defining, classifying, and comparing elements of program cost.
- Establishment of space standards for instructional, officer, and other areas.
- Development of criteria for measuring utilization and projecting long-range needs for classrooms, labs and other space.

These are but a few of the substantial problems that can and should be worked out cooperatively with a view toward achieving maximum understanding and acceptance of the state's total higher education requirements.

#### BENEFITS TO UTAH

The state of Utah has chosen to accept a significant role in the education of its younger citizens at the college and university level. This role, though very costly, is entirely appropriate. This Commission believes, however, that the people of Utah, over the long term, will receive considerably more for their taxes under the proposed plan of organization. This plan is entirely consistent with the emphasis throughout this report on responsibility, accountability, and management effectiveness.

#### XIV. PUBLIC INSTRUCTION

The state department of public instruction, under the state board of education, has responsibility for the general control and supervision of Utah's public schools. This includes all elementary and secondary public schools, the Dixie Junior College, the Schools for the Deaf and Blind, the Utah Trade Technical Institute at Provo, and the Salt Lake City Trade Technical Institute. In addition, the department has jurisdiction over the state's vocational rehabilitation program.

More than 282,000 pupils were enrolled in these schools in 1964-65, and professional staff members numbered in excess of 12,000. The importance of the department stems both from the size and universality of the state's educational establishment, and from the critical role which public education plays in the development of the state and the achievement of its goals.

The department of public instruction currently employs about 625 professionals, including the faculties for those schools directly under its jurisdiction. The department handles large sums of federal and state monies, distributing these funds to local districts on the basis of formulas established by legislative action. Most funds spent within the department itself are for professional salaries.

The chief administrative officer of the department is the state superintendent of public instruction who is appointed by the state board of education.

#### CONCLUSIONS

Appraisal of the state department of public instruction has led to the following major conclusions:

- Under the present system of electing board members, there is little occasion for the candidate or his platform to come before the people, thus, leaving them little basis for effective choice.

- The department has made significant improvement in recent years. Examples include the adoption of a more appropriate plan of organization, and a general increase in the statistical and service capabilities of the department. The latter evaluation was confirmed in interviews with local school district superintendents.
- While the plan of organization and staffing has been improved, much work remains to be done. The present plan is inadequate both in terms of present and future needs. Its continuance is certain to prevent the department from achieving its full potential.
- The department's service to local school districts and its influence for improving public education in Utah can be materially improved by taking needed action in certain functional areas.

Certain of these needs are recognized by state school officials, and in some instances corrective action has either been initiated or is contemplated

## RECOMMENDATIONS

In evaluating opportunities to improve the over-all effectiveness of the state department of public instruction, this Commission is aware of the implications of the recently enacted Elementary and Secondary Education Act by the United States Congress. This act makes available substantially increased federal funds to local school districts and in so doing greatly increases the power, influence, and leadership responsibilities of state education departments. It is, therefore, particularly important for education in Utah that the department of public instruction have the organization and capabilities necessary for effective performance under these new circumstances. The recommendations which follow have been made with this consideration in mind.

### 1. APPOINT THE MEMBERSHIP OF THE STATE SCHOOL BOARD

It is important that the method of selecting members of the state board of education be changed from election to appointment by the state's chief executive. Education is the most important activity of government and, therefore, Utah should

seek to assemble the most qualified and most highly respected board possible. To implement this plan, the present board of education would serve out their present terms. Board members should serve six year staggered terms and the method of member replacement should be the same as recommended for the state's board of higher education in the previous chapter. The board should be responsible for selecting the superintendent of public instruction.

2. MODIFY THE PRESENT PLAN OF ORGANIZATION TO PERMIT MORE EFFECTIVE FUNCTIONING OF THE DEPARTMENT

The present plan of organization, shown in Exhibit XXXIX, contains a number of opportunities for improvement which should permit the department to operate with greater efficiency. These opportunities include the following:

- A reconstruction of divisions which avoids grouping together dissimilar functions. At the present time, for example, the functions of research and planning are placed in a single division as are the functions of finance and publishing.
- A consolidation of curriculum and instruction responsibilities to permit more effective coordination.
- A reduction in the present spans of responsibility assigned the deputy superintendents.

These and other opportunities for organizational reform are set forth in the following sections.

2.1 Establish a New Position of Assistant Superintendent With Responsibilities for Rehabilitation, Trade Technical Education, and the Schools for the Deaf and Blind

At the present time, the division of rehabilitation, the two Trade Technical Institutes, and the Schools for the Deaf and Blind are all under the administrative leadership of the deputy superintendent for administration. Since this official has a substantial number of other important responsibilities, he cannot hope to provide the

administrative direction which these institutions require. In addition, the present arrangement, which mixes various business, financial and educational functions into a kind of organizational hodge-podge, hampers any effort to achieve administrative consistency and continuity of planning.

To solve this serious organizational deficiency, a new assistant superintendency should be established with responsibilities for trade technical education, the deaf and blind schools, and the division of rehabilitation. These institutions have common interest and needs in many respects, and work closely with the rehabilitation division. The organization of this new department is shown in Exhibit XL. Establishment of the new position will:

- Provide concentrated top level planning and direction for vital and extensive state responsibilities.
- Permit appropriate administrative direction to be given to the department's business and financial operations.

The latter objective will be achieved by relieving the deputy superintendent for administration of his present excessive burden of responsibilities.

2.2 Change the Title of the Deputy Superintendent for Instruction to the Deputy Superintendent for Curriculum and Instruction and Restructure the Department

In the present plan of organization the deputy superintendent for instruction has responsibility for five divisions. Since these divisions are concerned with both curriculum and instruction, it is suggested that his title be expanded to include the word curriculum.

It is recommended that the number of divisions within the department of curriculum and instruction be reduced to three; the division of teacher personnel, the division of adult education, and the division of general education. Until the question of junior college organization is finally resolved, the Dixie Junior College should be transferred

EXHIBIT XXXIX  
STATE OF UTAH  
DEPARTMENT OF PUBLIC INSTRUCTION  
PRESENT PLAN OF ORGANIZATION

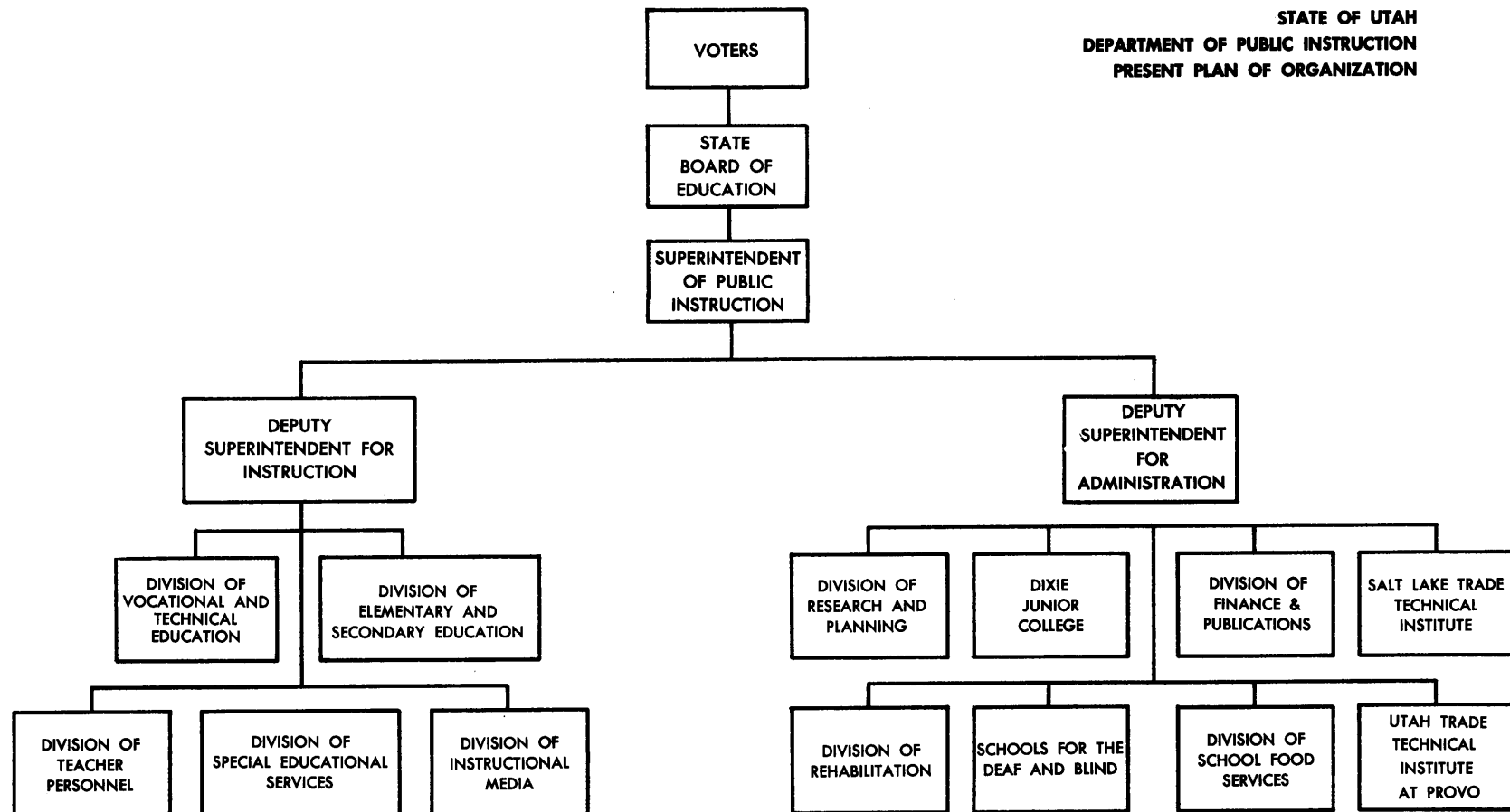
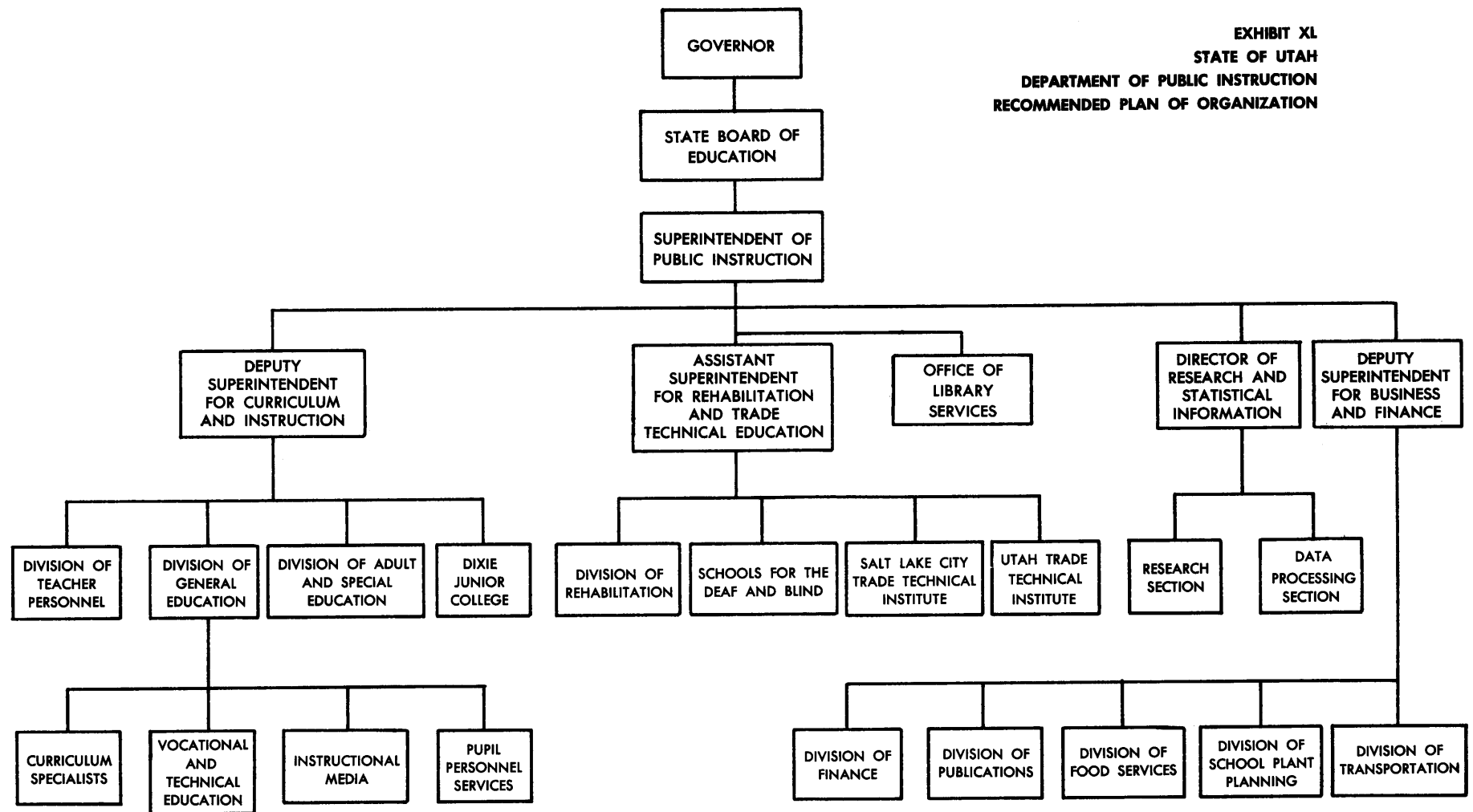




EXHIBIT XL  
STATE OF UTAH  
DEPARTMENT OF PUBLIC INSTRUCTION  
RECOMMENDED PLAN OF ORGANIZATION



to this department. The establishing of a division of general education with expanded authority will permit improved planning, coordination, and administrative direction.

2.3 Establish a Separate Office of Research and Statistical Information Reporting Directly to the Superintendent

Two very important functions of the state department are those of research and the compilation and maintenance of accurate statistics regarding Utah education. It is recommended that a separate office be established to encourage more effective development of these services. Provision should also be made to include data processing activities in this office, as a separate section. Since research and data processing are both important resources for all departments, the director of research should report directly to the superintendent rather than to the head of any particular department.

2.4 Change the Title of the Deputy Superintendent for Administration to the Deputy Superintendent for Business and Finance, and Reorganize the Department Accordingly

In the present plan of organization the span of responsibility for the deputy superintendent for administration is much too broad. In addition, the department now includes such diverse responsibilities as business, finance, rehabilitation, research, junior college education, trade-technical education and special education for the deaf and blind. Such an arrangement is certain to be inefficient in terms of its top administration.

A new department of business and finance should be established with divisions for finance, publications, food services, school plant planning and transportation. In addition, the deputy superintendent in charge should also administer all state department office services.

3. UNDERTAKE A THOROUGH AND EXHAUSTIVE STUDY OF STATE DEPARTMENT ORGANIZATION AND STAFFING

Exhibit XL presents the basic outline of a new plan of organization which should improve the effectiveness of the state

department of public instruction. However, the recently enacted Elementary and Secondary Education Act has far reaching implications for state departments of education. Just as soon as the full meaning and intent of the act can be determined, these implications should be assessed and a comprehensive study undertaken of the department's organization and staffing. The object of this study should be to develop a detailed plan of organization and staffing, not only appropriate for present needs, but for the department's future requirements as well. The ultimate plan, will undoubtedly be modified and improved as the result of such a study.

4. ASSUME A MORE AGGRESSIVE ROLE WITH REGARD TO  
THE NEEDED REORGANIZATION OF SCHOOL DISTRICTS

Utah has 40 school districts which range in size from those which are very small to those of moderate and large size. The smallest of these districts enrolled only 232 students in the 1964-65 school year.

It is generally recognized that the very small school district cannot offer an acceptable modern day program of education in grades kindergarten through 12, no matter what effort it may exert. Furthermore, the operation of a very small district is often uneconomical because of duplications in staff, facilities, and equipment. Because of its large territory and manner of settlement, Utah has a large number of small school districts. In the 1964-65 school year, the breakdown was as follows:

<u>Enrollment</u>	<u>Number of Districts</u>
Over 5,000 students	13
2,000 to 5,000 students	9
1,500 to 2,000 students	4
Less than 1,500 students	<u>14</u>
	40

It is certain that a study of school district organization would reveal numerous opportunities to improve the present plan by simply merging districts. Very likely new district boundaries could also be established in certain instances, which would be more logical and serviceable than those which now exist. The result would be (1) greater educational opportunity for more of

6. TAKE IMMEDIATE STEPS TO PROVIDE LOCAL SCHOOL DISTRICTS WITH ACCESS TO A DATA PROCESSING CENTER

State department officials are now making plans to study the ways in which the department can provide data processing services to local school districts. This study should be made as quickly as possible. The study should determine what applications are feasible, whether the department will need to establish its own data center, or whether it can satisfactorily meet its needs by using another established center. It appears that significant opportunities may be present to save local districts both time and money by providing these services. The study will determine if this is so.

The state department has wisely requested local districts to refrain from establishing their own data centers until the feasibility study can be made.

7. INITIATE A SYSTEMATIC EFFORT TO ESTABLISH A PRIORITY OF RESEARCH PROJECTS

School research needs, as they apply to districts in Utah, must generally be met either by the state's institutions of higher education or by the state department of public instruction. Local school districts have neither the time nor the financial resources needed to carry out necessary projects. Since the research conducted in universities and colleges is not always directed toward basic school problems, it remains for the state department to identify needed research projects and see that they are carried out.

At the present time the state department is publishing and distributing to local school districts on a periodic basis, educational research monographs which set forth the results of specific research projects. The selection of these projects may stem from the suggestions of individuals in the field who are interested in conducting particular projects or from the suggestions of state department officials. This method does not always guarantee that the needs of local districts are being met in the most effective fashion.

It is recommended that systematic steps be taken by state department officials to (1) identify those research projects which are most urgently needed by local districts, and (2)

Utah's boys and girls, and (2) greater economy in school operation and in school capital needs.

School district reorganization is usually difficult to achieve, and can only come through skillful and aggressive leadership by the state department of public instruction. Very likely certain inducements will need to be offered districts to encourage their cooperation. For example, additional state money can be made available to districts which comply with certain educational standards established by the state.

In addition to consolidation of districts, elimination, consolidation, and improvement of schools within districts should be actively sought. This Commission recognizes and compliments the administration for efforts in this direction.

Whatever the final plan may be, the time has now arrived for Utah to take advantage of those opportunities which are present to strengthen its system of public education through the reorganization of school districts.

5. DEVELOP AN INFORMATION COLLECTION SYSTEM WHICH AVOIDS DUPLICATION AND MINIMIZES THE WORK OF LOCAL SCHOOL DISTRICTS IN SUBMITTING DATA

It is necessary for the state department to require local school districts to submit a great amount of data during the school year. Since each of the department's major offices has its own particular need for data, there is ample opportunity for duplicate requests to be made of local districts. This is inconvenient and annoying to local school officials who must comply with these requests.

While there is no evidence that a serious problem exists in the Utah state department in this regard, there is evidence that duplications do occur in some requests. It is recommended, therefore, that the department's total information collection system be reviewed to assure that unnecessary data requests will not be made. This will require an examination of the forms and the requests for information made by each division. If it is determined that numerous duplications exist, it is likely that a new master report form should be developed to supply the needs of all units within the department. The department's research unit should be responsible for direction and coordination of all data requests.

establish a priority for their development. The top administrative officials of each local district should be asked to identify those research projects which would be of greatest assistance. This information can be obtained from a questionnaire circulated annually. This procedure should enable department officials to act with confidence in structuring a research program designed to provide local districts with the information they need to improve their programs of education.

8. STRENGTHEN STATE DEPARTMENT SERVICE TO LOCAL SCHOOL DISTRICTS BY INCREASING THE NUMBER OF STAFF SPECIALISTS

The department can work to improve educational quality in Utah in many ways. One of the most effective of these ways is to provide local districts with the assistance and leadership of curriculum and other staff specialists. This is a particularly important function in Utah where most school districts are small. While larger districts can afford to employ curriculum specialists, many smaller districts cannot. As a result, they are forced to depend in large measure on state personnel for knowledge of latest advances in curriculum and instruction.

The number of curriculum specialists in basic subject matter areas is currently insufficient to provide adequate service to Utah's local districts. The following situation prevails:

<u>Subject Area</u>	<u>Specialists</u>
English	1
Social Studies	1 (Position not filled)
Mathematics	1
Reading	1 (Position not filled)
Science	1
Health, Physical Education	
Safety and Driver Training	1

These specialists are required to service all of the twelve grades in all 40 of Utah's districts.

In addition to spending considerable time in the field working with individual districts, the specialists also prepare curriculum guides and other instructional materials in their subject fields. It is apparent that the number of specialists in these basic areas should be increased to match work load if their efforts are to

have much impact. Actually, a study of local district needs should be made to determine the number of specialists needed in each curriculum area. The needs of local districts will vary depending on state curriculum requirements. For example, English or language arts is required at all grade levels, whereas mathematics is not.

Although no discussion is included here of the situation which exists in other curricular and educational areas, it should be noted that the need for more specialized personnel is not confined to the basic subject matter fields. An example of this is found in the special education area where one specialist works with more than 470 widely scattered teachers who are instructing over 14,000 physically handicapped boys and girls.

9. PREPARE AN ADMINISTRATIVE MANUAL SETTING FORTH  
THE POLICIES, RULES, AND REGULATIONS OF THE  
DEPARTMENT

A well organized administrative manual setting forth the policies, rules and regulations of the department, should be developed and distributed to all professional personnel. Such a manual would help maintain consistency in administration and assist with the indoctrination of new personnel. Ideally the manual should be loose leaf in design so that it can be kept current as policies and regulations are altered.

In the past year a series of administrative memoranda concerning department policies has been issued to personnel. These memoranda have served to pull together basic policies of the department and will serve as an excellent start for compilation of a comprehensive manual.

10. RELATE THE STATE LIBRARY FUNCTION TO THE  
DEPARTMENT OF PUBLIC INSTRUCTION

The library function in Utah is geared to the overall stimulation of and assistances to tax supported libraries throughout the state. This function is essentially educational in character and, thus, should be considered part of the total educational program of the state. It is recommended, therefore, that an office of library services be established as a staff arm to the superintendent of public instruction. The present library commission should be recast as a library council having the responsibilities outlined in chapter 15.

11. RECONSIDER THE ORGANIZATIONAL PLACEMENT OF  
JUNIOR COLLEGES AND TRADE TECHNICAL INSTITUTES

This Commission recognizes that there are several groups involved in intensive study of the crucial question of post high school education. While there are several alternative ways to organize for the effective conduct of such programs, we believe that the public dialogue on this question should be continued until a plan that is particularly suited to Utah is developed. In any event, this Commission recommends that all junior colleges and trade technical institutes be placed under a single board and not fragmented as is the case today. Whether that board ultimately is a separate policy group concerned solely with such institutions or whether an existing board can be used effectively is a matter to be resolved.

BENEFITS TO UTAH

A strong department of public instruction is particularly desirable in Utah where many school districts are small and must depend on the department for assistance. The recommendations contained in this chapter are designed to strengthen the department so that Utah's state-wide system of public education will be improved. Since public education affects in some measure the state's well-being and hopes for the future, this improvement should be a basic objective of the state government.



## XV. RECOMMENDED PLAN OF ORGANIZATION

This report deals with fundamentals--fundamentals of government--fundamentals of management. This Commission recommends a return to fundamentals.

The proposed restructuring of the executive branch of Utah State government is footed on two basic propositions:

FIRST:      AUTHORITY AND RESPONSIBILITY FOR  
EXECUTIVE PERFORMANCE MUST BE  
FIXED.

SECOND:     THOSE WHO HAVE THE AUTHORITY AND  
RESPONSIBILITY MUST BE HELD  
ACCOUNTABLE.

The implementation of these concepts within the executive branch of government can provide opportunity for superior performance by the executive branch at lower cost than that which now exists. Furthermore, implementation of these two fundamental concepts can strengthen the "checks and balances" that are part of the traditional theory of state government in Utah.

Chapter I of this report deals expressly and other chapters deal implicitly with the reasons for management reform in state government and the opportunities for doing a better job. Some suggestions for dollar savings capable of achievement within the present administrative structure have been made. Though these projected savings could total millions of dollars each year, the real opportunity for major savings in management, is in the overhaul of an unmanageable administrative structure wherein authority and responsibility are not fixed and genuine accountability for performance is absent.

This Commission, therefore, makes the following recommendations:

1. ASSIGN ULTIMATE AUTHORITY AND RESPONSIBILITY  
WITHIN THE EXECUTIVE BRANCH OF GOVERNMENT TO  
THE OFFICE OF THE GOVERNOR

Though accountable to the people and subject to their periodic review at the polls, the office of governor has been enfeebled and devitalized. Its classic authority and responsibility have been diffused among a multitude of agencies. The present structure in Utah separates and fragments such authority among 156 boards, commissions, offices and agencies as shown in Exhibit I. Many of these boards, commissions, offices and agencies are not answerable to the people either through the office of governor or directly.

This Commission believes that the proper function of the chief executive officer of this state is to govern. His challenge is to govern well.

The authority within the office of the governor must be commensurate with the responsibility of this office. In short, we suggest that we have but one governor--not three--not 156--not 525.

By, thus, fixing authority and responsibility, the burden of performance is clear--and in the absence of performance adequate to the burden, the people can speak with knowledge as to where the responsibility lies.

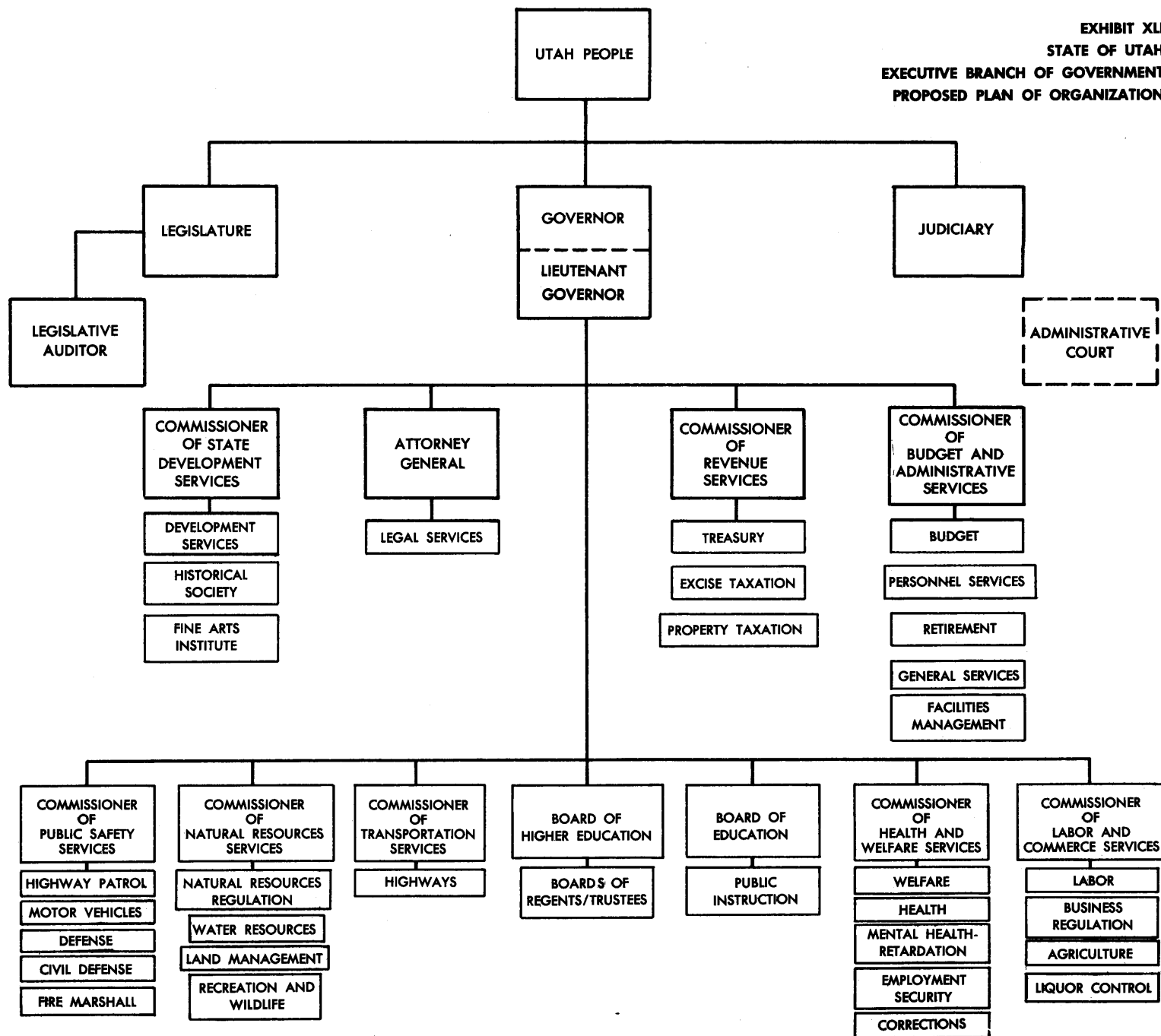
2. CONSOLIDATE FUNCTIONS CURRENTLY BEING  
ADMINISTERED BY THE MULTITUDE OF EXECUTIVE  
AGENCIES INTO 11 MAJOR GROUPS

This Commission suggests that major programs and services--and we count 33 of them--currently being administered by the 156 existing executive agencies be consolidated into 11 major groups. Seven of such groups would be line or program groups and four of such groups would be staff or control groups. The proposed groupings are as follows and can be seen in graphic form on Exhibit XLI.

Line or Program Groups

- (1) Public Safety Services - Programs providing protective services, motor vehicle regulation, and civil defense.

EXHIBIT XII  
STATE OF UTAH  
EXECUTIVE BRANCH OF GOVERNMENT  
PROPOSED PLAN OF ORGANIZATION



- (2) Transportation Services - Development of the highway network essential to the development and economy of the state.
- (3) Health and Welfare Services - The social, health, and employment services required by citizens.
- (4) Higher Education - The institutions of higher learning required to assure quality post high school education at reasonable cost.
- (5) Public Education - Leadership and support of the elementary and secondary education effort.
- (6) Natural Resources Services - The management of Utah's natural resources to assure proper use today and preservation of these critical assets for future generations.
- (7) Labor and Commerce Services - The regulation, control, and support of commercial, industrial, professional, and labor activities, including agriculture and the state liquor monopoly.

It is here we begin to structure functions into manageable form.

#### Staff or Control Groups

- (1) Budget and Administrative Services - An integrated financial management program for the whole of the executive branch, along with certain administrative support functions which can more effectively be provided from one central source, including personnel administration.
- (2) Revenue Services - Consolidation of those programs essential to an equitable and efficient control of the state's revenue flow and regulatory responsibilities of property tax administration.
- (3) Legal Services - The typical range of legal services required by complex governmental organizations.

- (4) State Development Services - Consolidation of those programs which are designed to encourage and promote the economic welfare and development of Utah, including its cultural and historical resources.

Thus, it is possible to consolidate within eleven groups the major program and staff functions now diffused among the multitude of existing agencies. Functions considered related have been grouped.

The staff groupings provide information, support, and control. It is within the staff groups that we have the basics of accountability, namely---budget and monetary control over the program areas. Here data building begins to provide the basis for rational analysis and informed executive and legislative decision making. With such tools a chief executive can run a "tight ship".

3. CREATE A NEW LEVEL OF MANAGEMENT TO HEAD UP FIVE OF THE SEVEN PROGRAM GROUPS AND ALL OF THE STAFF GROUPS

This Commission recommends that the five program groups, other than public and higher education, and all of the staff groups be headed up by a group chief designated, for want of a better name, as a "commissioner". Each "commissioner" would be appointed by the governor with the advice and consent of the senate and would serve at the governor's discretion.

These men and women should be persons of stature and ability and within their respective groups would be clothed with executive authority, and within their sphere of activity would act and speak for the governor.

Each commissioner would have the authority and responsibility for management within his sphere of activity. Each would report to and be responsible to the chief executive.

Thus, the number of key persons with whom the chief executive would have to deal would be reduced to manageable proportions, lines of authority and responsibility would be clear, and accountability for performance within each of the groupings would be fixed.

The primary responsibilities of the commissioners would be to:

- Develop and recommend to the governor for approval, short and long range objectives and policies.
- Provide for the development and implementation of specific plans aimed at achieving objectives.
- Evaluate progress and performance against established objectives and initiate appropriate corrective action, when required.
- Oversee departmental directors in the day-to-day management of their departments, and resolve differences or conflicts that may arise between and among them.
- Submit periodic reports to the governor on the status of major programs and developments, along with planned courses of action.
- Keep the public informed of the activities and programs for which they are responsible.

Implicit in this recommendation is that such persons who occupy the most important positions be compensated on a par with persons similarly situated in private industry.

Delegating executive management authority to a few key officials, accountable and answerable to the chief executive, who in turn is accountable and answerable for their performance to the people, will provide such a chief executive with opportunity to establish a cabinet. This "cabinet" could include commissioners, the lieutenant governor, representatives from public and higher education groups, and such other persons within the executive branch as the governor feels would be appropriate. A cabinet, properly functioning, could provide greater coordination among groups, a free flow of information, opportunity in reducing department conflict and increasing departmental cooperation, and could provide the governor with data, counsel and collective judgment in arriving at difficult administrative decisions. The use of such a concept would be dependent upon the style and personality of the chief executive but an able chief executive would make good use of such an opportunity.

4. RETAIN THE STATE BOARD OF EDUCATION, FIX ITS MEMBERSHIP AT NINE, APPOINT ITS MEMBERS RATHER THAN ELECT THEM AND IMPROVE ITS INTERNAL STRUCTURE

The role of the state board of education should be strengthened. The public membership on the state board should exemplify strength in depth. This can best be accomplished in this sensitive and important area by having its membership appointed by the chief executive.

Internal organizational improvements are set forth in detail in chapter 14.

The superintendent of public instruction could, at the pleasure of the governor, serve as a member of the governor's cabinet.

5. RECONSTITUTE THE COORDINATING COUNCIL ON HIGHER EDUCATION AS A BOARD OF HIGHER EDUCATION

This board should be bi-partisan in nature and appointed by the governor with the advice and consent of the senate. Such board should appoint and remove the executive director. This board would have significant powers in the area of budget, management analysis, and educational planning. Local boards of regents and trustees would be retained but their decisions in the budget, management, and planning field would be subject to revision by the board of higher education. This could provide an overview - a statewide perspective - in a field now dominated by locally oriented ambitions of existing institutions. Such could provide data and recommendations for orderly and rational decision-making by the legislature. See chapter 13 for detailed analysis.

6. REVISE THE ROLE OF MULTI-HEADED BOARDS AND COMMISSIONS TO ELIMINATE THEIR INVOLVEMENT IN MANAGEMENT AND EMPHASIZE THEIR ADVISORY AND INFORMATIONAL RESPONSIBILITIES

The present plan of organization inserts boards and commissions with total managerial responsibility and authority between the state's chief executive and the executives of most major state agencies. It is recommended that boards and commissions be removed from positions of ultimate responsibility and authority in the administration of the executive branch. In those instances where public participation in the management of agency affairs is desirable, it is recommended that councils be established to assist

department and group executives in carrying out their responsibilities.

The basic functions of state government councils should be the following:

- Participate in policy formulation by:
  - . The initiation of policy proposals or recommendations to department executives.
  - . Reviewing and commenting on policy proposals initiated by the department executives.
  - . The solicitation of comments from the public on policy proposals under consideration by department executives.
- Participate in the formulation of rules and regulations by:
  - . Advising department executives on the formulation of rules and regulations.
  - . Reviewing draft rules and regulations prepared by the department and conducting public hearings, when required.
  - . Recommending rules for adoption by department executives.
- Participate in the allocation of funds to various agency projects by reviewing department staff proposals and budgets and making appropriate recommendations.
- Protect the public against arbitrary, unsound, and irresponsible action by executive officials by first alerting the appropriate commissioner, the governor, the legislature, and the general public.

In creating advisory councils, the following pattern of organization should generally be followed:

- The number of members should be limited.
- Members should be appointed by the governor and removable by him only for cause.
- Members should be appointed for four year staggered terms, and a two-term limitation should be set to assure infusion of fresh thinking.
- Members should not receive compensation but be adequately reimbursed for expenses incurred.



- Membership should be bi-partisan.
- Members should be selected on the basis of their ability to represent the general public interest. Their special experience or knowledge should be a secondary consideration.
- Special interest representation should be discouraged and be present only when the need for their special knowledge or support is clearly indicated. If present, special interest representation always should be a minority of the membership.
- A council should elect its own chairman annually.
- A council should meet on a quarterly basis unless called by the chairman or a majority of the members or responsible agency executive.
- Councils should not employ or supervise administrative or technical staff but should be provided all requested staff assistance by the department to which they are attached.

Councils can be of considerable value to the top officials of the executive branch and contribute greatly to the overall success and public acceptance of state programs and services. Moreover, the advice and constructive criticism of a body of public spirited citizens can be a wholesome thing and entirely in keeping with the strong tradition in Utah for citizen participation in the affairs of government.

The liquor control board of directors, board of higher education, board of education, merit system board, board of pardons and parole, and licensing committees have unique and peculiar functions. These functions are treated elsewhere. Advisory boards, while appropriate in many service areas, would not be appropriate for work in these specific areas.

All other present boards and commissions should be discontinued or restructured as set forth in this report and summarized in Exhibit XLII.

EXHIBIT XLII  
STATE OF UTAH

SUMMARY OF RECOMMENDATIONS AFFECTING  
EXISTING STATE AGENCIES

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Abstract Commissioners, Board of	Change name to "abstractor's committee" and assign to proposed department of business regulation.	Department of Business Regulation*
Adjutant General	Change term of office from six to four years and place in charge of proposed department of defense.	Department of Defense*
Aeronautics Commission	Discontinue and transfer administra- tive functions to department of state development.	Department of State Development*
Aging, Council on	Eliminate and transfer functions to department of welfare.	Department of Welfare*
Agricultural Board of Control	Abolish and transfer administrative functions to proposed department of agriculture.	Department of Agriculture*
Agriculture Commission	Discontinue and transfer administra- tive functions to proposed department of agriculture.	Department of Agriculture *
Air Pollution Advisory Committee	Discontinue and transfer advisory functions to proposed health council.	Health Council

\*Advisory Council will assist in formulation of policies.

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Alcoholism, Board on	Discontinue and transfer administrative functions to department of health.	Department of Health*
Apprenticeship Council	Abolish and transfer administrative functions to proposed department of labor.	Department of Labor*
Armory Board	Abolish and transfer approval and control functions to governor and proposed commissioner of budget and administrative services.	Department of Defense*, Department of Budget, Department of Facilities Management
Athletic Commission	Change name to "professional athletics committee" and assign to proposed department of business regulation.	Department of Business Regulation*
Attorney General	Change method of selection from election to appointment by the governor.	Department of Legal Services
Auditor	Change method of selection from election to appointment by the legislature and broaden functions.	Legislative Auditor
Banking Department	Transfer functions to proposed department of business regulation.	Department of Business Regulation*

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Bedding Advisory Board	Abolish and transfer administrative responsibilities to proposed department of agriculture and advisory responsibilities to proposed agriculture council.	Department of Agriculture*
Big Game Control, Board of	Abolish and transfer functions to proposed department of recreation and wildlife.	Department of Recreation and Wildlife*
Boating Advisory Council	Abolish and transfer functions to proposed recreation and wildlife council.	Recreation and Wildlife Council
Bonding Commissioners, Board of	Abolish and transfer functions to governor and proposed commissioner of budget and administrative services.	Department of Treasury
Building Board	Abolish and transfer functions to proposed department of facilities management.	Department of Facilities Management
Business Regulation Advisory Council	Change name to business regulation council and expand advisory functions.	Business Regulation Council
Business Regulation Commission	Discontinue and transfer administrative functions to proposed department of business regulation and quasi-judicial and legislative hearing functions to proposed administrative court.	Department of Business Regulation*, Administrative Court

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Canvassers, Board of	Restructure membership to include: lieutenant governor, speaker of the house, and president of the senate.	Board of Canvassers
Children and Youth, Committee on	Discontinue and transfer functions to proposed department of welfare.	Department of Welfare*
Contractor's Advisory Board	Abolish and transfer advisory functions to proposed business regulation council.	Business Regulation Council
Contractors, Department of	Transfer functions to proposed department of business regulation.	Department of Business Regulation*
Coordinating Council for Higher Education	Restructure membership and duties to provide for overall control over educational planning, management analysis, and budgeting for institutions of higher learning.	Board of Higher Education
Corrections, Board of	Abolish and transfer functions to proposed department of corrections.	Department of Correction*
Credit Union Advisors, Board of	Abolish and transfer advisory functions to proposed business regulation council.	Business Regulation Council
Criminal Justice Administration, Council on	No change recommended.	Council on Criminal Justice Administration

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Dairy Advisory Board	Abolish and transfer administrative functions to proposed department of agriculture and advisory functions to proposed agriculture council.	Department of Agriculture*
Deaf and Blind, Advisory Council for	Change name to "deaf and blind council".	Deaf and Blind Council
Defense, Council on	Abolish and transfer administrative functions to proposed office of civil defense and advisory functions to proposed civil defense council.	Office of Civil Defense* (Commissioner of Public Safety Services)
Depository Board	Abolish and transfer functions to proposed department of treasury.	Department of Treasury
Driver Education Advisory Board	Change name to "driver education council".	Driver Education Council
Driver's License Review Board	Discontinue and transfer functions to proposed administrative court.	Administrative Court
Education, Board of (Also functions as Board for Vocational Education, Commission for the Blind, Trustees for Blind and Deaf Schools)	Change method of selection from election to appointment by the governor.	Board of Education

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Employment Security Advisory Council	No change recommended.	Employment Security Advisory Council
Employment, Security, Department of	Place under general supervision of the proposed commissioner of health and welfare services.	Department of Employment Security*
Employment Security Review Board	Discontinue and transfer functions to proposed administrative court.	Administrative Court
Engineer, State	Transfer functions to proposed department of natural resources regulation.	Department of Natural Resources Regulation*
Examiners, Board of	Abolish and transfer functions to governor and proposed commissioner of budget and administrative services.	Department of Budget
Fair Association	Abolish and transfer functions to proposed department of state development.	Department of State Development*
Finance, Department of	Abolish and assign functions to several proposed staff departments.	Department of Budget, Department of General Services, Department of Personnel Services
Fine Arts, Institute of	Assign supervisory responsibility over this function to proposed commissioner of state development services.	Institute of Fine Arts

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Fire Prevention Board	Abolish and transfer administrative functions to fire marshall and advisory functions to proposed fire prevention council.	Fire Marshall*
Fish and Game Commission	Abolish and transfer administrative functions to proposed department of recreation and wildlife and advisory functions to proposed recreation and wildlife council.	Department of Recreation and Wildlife*
Forestry and Fire Control, Board of	Abolish and transfer administrative functions to proposed department of land management and advisory functions to proposed land management council.	Department of Land Management*
Geological Survey Advisory Board	Change name to "geological survey council".	Geological Survey Council
Golden Spike Centennial Committee	Abolish and transfer functions to proposed department of state development.	Department of State Development*
Governor	Strengthen administrative authority over executive agencies.	Governor
Great Salt Lake Authority	Change role to advisory only and transfer planning functions to proposed commissioner of natural resources services.	Great Salt Lake Authority



<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Great Salt Lake Authority Advisory Council	Abolish and transfer advisory functions to great salt lake authority.	Great Salt Lake Authority
Health, Board of	Abolish and transfer functions to department of health.	Department of Health*
Health Facilities Council	Discontinue and transfer functions to proposed health council.	Health Council
Health, Department of	Expand its role in administrative policy-making and reorganize its internal structure.	Department of Health*
Highway Patrol Civil Service Commission	Abolish and transfer administrative functions to proposed department of personnel services and quasi-judicial functions to proposed merit system board.	Department of Personnel Services, Merit System Board
Historical Society	Transfer its archival management functions to proposed department of general services and assign supervisory responsibility over this agency to proposed commissioner of state development.	Historical Society (Commissioner of State Development Services), Department of General Services
Indian Affairs Commission	Abolish and transfer functions to proposed department of welfare.	Department of Welfare*
Indian Affairs Committee	Abolish and transfer functions to proposed department of welfare.	Department of Welfare*

<u>Existing Office or Agency</u>	<u>Action Suggestion</u>	<u>Recommended Agency(ies)</u>
Industrial Commission	Abolish and transfer administrative functions to proposed department of labor and quasi-judicial and legislative hearing functions to proposed administrative court.	Department of Labor*, Administrative Court
Industrial Promotion Commission	Abolish and transfer administrative functions to proposed department of state development.	Department of State Development*
Industrial School	Transfer supervisory responsibility over this function to proposed department of corrections.	Department of Corrections*
Insurance Department	Transfer functions to proposed department of business regulations.	Department of Business Regulations*
Interstate Commission for Cooperation in Higher Education	No change recommended.	Interstate Commission for Cooperation in Higher Education
Interstate Compact Commissions	No change recommended.	Interstate Compact Commissions
Junior Colleges and Technical Institutes	Place junior colleges and technical institutes under a single governing board.	Junior Colleges and Technical Institutes
Labor Relations Board	Abolish and transfer administrative functions to proposed department of labor and quasi-judicial functions and legislative hearing functions to proposed administrative court.	Department of Labor*, Administrative Court

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Land Board	Abolish and transfer administrative functions to proposed department of land management and advisory functions to proposed land management council.	Department of Land Management*
Law Library Board of Control	Abolish and transfer functions to proposed department of legal services.	Department of Legal Services
Library Commission	Abolish and transfer functions to department of public instruction.	Department of Public Instruction
Licensing Boards	No change recommended.	Licensing Boards
Liquor Control Commission	Abolish full-time administrative commission, and restructure organization under proposed board of directors and general manager.	Department of Liquor Control
Live Stock Brand Board	Abolish and transfer administrative functions to proposed department of agriculture and advisory functions to proposed agriculture council.	Department of Agriculture*
Loan Commissioners, Board of	Abolish and transfer functions to governor and proposed commissioner of budget and administrative services.	Department of Treasury
Medical Examiner's Commission	Transfer functions to department of health.	Department of Health*

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Mental Health Advisory Council	Discontinue and transfer functions to proposed mental health-retardation council.	Mental Health-Retardation Council
Merit System Council	Change name to "merit system board" and restructure duties to include approval of all allocations and reallocations of covered and uncovered positions.	Merit System Board
Motor Vehicle Dealer's Advisory Board	Abolish and transfer functions to proposed department of motor vehicles.	Department of Motor Vehicles
National Guard Advisory Board	Change name to "national guard council".	National Guard Council
Nursing Home Advisory Council	Discontinue and transfer functions to proposed health council.	Health Council
Oil and Gas Conservation Commission	Abolish and transfer administrative functions to proposed department of natural resources regulation and quasi-judicial functions to proposed administrative court.	Department of Natural Resources Regulation*, Administrative Court
Pardons, Board of	Change name to "board of pardons and parole" and method of selection to appointment by the proposed director of corrections.	Board of Pardons and Parole

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Park and Recreation Commission	Abolish and transfer administrative functions to proposed department of recreation and wildlife and advisory functions to proposed recreation and wildlife council.	Department of Recreation and Wildlife*
Planning Coordinator	Redesignate as director of state-wide planning and secretary of the governor's cabinet.	Director of Planning (Office of the Governor)
Predatory Animal Committee	Abolish and transfer administrative functions to proposed department of agriculture and advisory responsibilities to proposed agriculture council.	Department of Agriculture*
Public Instruction, Department of	Reorganize internal structure.	Department of Public Instruction
Public Service Commission	Discontinue and transfer administrative functions to proposed department of business regulation and quasi-judicial and legislative hearing functions to proposed administrative court.	Department of Business Regulation*, Administrative Court
Public Safety, Department of	Abolish and assign functions to two proposed agencies.	Department of Highway Patrol, Department of Motor Vehicles

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency (ies)</u>
Purchasing Standardization Committee	Abolish and transfer functions to proposed commissioner of budget and administrative services and department of general services.	Department of General Services
Records Committee, State	Expand membership to include director of state historical society.	State Records Committee
Registration, Department of	Change name to "licensing and registration division" and assign functions to proposed department of business regulation.	Department of Business Regulation*
Retirement Board	Restructure board membership to include director of personnel services.	Retirement Board
Road Commission	Abolish and transfer administrative functions to department of highways and advisory responsibilities to the proposed highway council.	Department of Highways*
Safety Council, Utah	No changes recommended.	Utah Safety Council
Secretary of State	Change role to that of lieutenant governor, broaden functions, and revise selection process to provide that governor and lieutenant governor run on same ticket.	Lieutenant Governor (Office of the Governor)

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Securities Commission	Abolish and transfer administrative functions to proposed department of business regulation and quasi-judicial functions and legislative hearing functions to proposed administrative court.	Department of Business Regulation*, Administrative Court
Soil Conservation Committee	Discontinue and transfer administrative functions to proposed department of agriculture and advisory functions to proposed agriculture council.	Department of Agriculture*
State Hospital	Transfer supervisory responsibilities over this function to proposed department of mental health-retardation.	Department of Mental Health-Retardation*
Study Commission, Course of	No change recommended.	Course of Study Commission
Tax Commission	Abolish and transfer administrative functions to proposed departments of excise taxation and property taxation and quasi-judicial functions to proposed administrative court.	Department of Excise Taxation, Department of Property Taxation, Administrative Court
T. B. Hospital	Transfer supervisory responsibility over this function to department of health.	Department of Health*
Textbook Commission	No change recommended.	Textbook Commission

<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Tourist and Publicity Council	Abolish and transfer functions to proposed department of state development.	Department of State Development*
Trade Commission	Discontinue and transfer administrative functions to proposed department of business regulation and quasi-judicial and legislative hearing functions to proposed administrative court.	Department of Business Regulations*, Administrative Court
Traffic Safety Coordinating Committee	Abolish and assign functions to proposed department of motor vehicles.	Department of Motor Vehicles
Training School	Transfer supervisory responsibility over this function to proposed department of mental health-retardation.	Department of Mental Health-Retardation*
Treasurer	Change method of selection from election to appointment by the governor and broaden functions.	Department of Treasury
Trustees or Regents, Boards of (State Colleges and Universities)	No change recommended.	Boards of Trustees or Regents, (State Colleges and Universities)
Uniform State Laws, Commission on	No change recommended.	Commission on Uniform State Laws



<u>Existing Office or Agency</u>	<u>Action Suggested</u>	<u>Recommended Agency(ies)</u>
Water and Power Board	Abolish and transfer administrative functions to proposed department of water resources and advisory functions to proposed water resources council.	Department of Water Resources*
Water Pollution Control Board	Abolish and transfer certain functions to department of health and other functions to department of natural resources regulation.	Department of Health,* Department of Natural Resources Regulation*
Welfare Commission	Abolish and transfer administrative functions to proposed department of welfare.	Department of Welfare*
Workmen's Compensation Advisory Council	Abolish and transfer advisory functions to proposed labor council.	Labor Council

7. ESTABLISH A LEGISLATIVE AUDIT PROGRAM IN PLACE  
OF THE PROGRAM OF AN ELECTED STATE AUDITOR

Post audits, which professionally verify the correctness of financial transactions and effectiveness of state spending, are of critical importance to the legislature, the executive and the people. A post audit constitutes the major and most useful "check" against improper receipt and spending of public monies and inefficient use of state funds. Weaknesses are present in Utah's post auditing system which clearly limit its overall effectiveness.

- . Primary objectives of a comprehensive auditing program have not been achieved -- regular and in-depth examinations covering all fiscal matters and financial transactions of state agencies have not been conducted, and only limited attention has been directed toward evaluation of the efficiency and economy of state operations.
- . Auditing programs have not truly conformed to generally accepted auditing standards -- an independent attitude in the examination process has been difficult to attain because of the inherent political nature of the office of the auditor and the generally limited tenure of its personnel. Technical qualifications have not been specifically required of the auditor or his staff, and professional care has not always been evident in the performance of examinations and preparation of reports.
- . Legislative attention and concern over audit findings or their scope and quality have been negligible.
- . Independent reviews by public accounting firms to validate the propriety of state operations have not been used.

The present state auditor has taken positive steps to eliminate many of these deficiencies, including development of a policy manual, initiation of efficiency audits, and efforts to recruit more qualified personnel. However, the fact still remains that post auditing in Utah has great opportunity for improvement. There is presently no way for the legislature and the public to make certain that state government is spending funds properly in accordance with legislative intent, collecting all revenues due

to the state, accounting for all property of the state, and performing services prudently.

A valid post audit, whether of a private business or governmental agency, should be performed by qualified auditors completely independent of the agency audited. Independence of "thought and action" is not automatically achieved under Utah's auditing arrangement. The state auditor is elected as part of a state-wide ticket and has always been a member of the party dominating the general election. In almost every instance, the auditor has been placed in the position of examining the books and actions of fellow party members. Moreover, during the last few decades, the auditor and treasurer have generally traded offices every four years. In the last eight general elections beginning with 1936, five treasurers have been elected auditor at the end of their terms, and three auditors have moved directly to the office of treasurer. Therefore, the auditor, more frequently than not, has been responsible for auditing the books he kept while treasurer.

No professional qualifications have been set forth by the constitution or statute for the auditor or his staff. This fact is particularly disturbing since auditing is a professional and technical skill requiring accounting training and experience, as well as proficiency in the assessment and verification of records and procedures. None of the elected auditors have been a "professional" auditor. Rigorous in-service training programs have not been started; procedural manuals have not been developed, and staff members have not been covered by the state's merit system. The existence of these conditions has not been conducive to development of a professional audit team.

There is also reason to question the thoroughness, reliability, and usefulness of the audit examinations which have been made. In most cases, comprehensive audit programs outlining the steps to be followed have not been prepared or kept; cash control systems have not been evaluated prior to commencement of the audit; the full spectrum of financial transactions have not been checked; and opinion paragraphs in the audit reports have frequently been omitted or inadequately explained. Most audit reports have consisted primarily of detailed data which duplicates that contained in accounting reports prepared by the department of finance and, therefore, are of dubious value from an audit standpoint.

Little happens once audit reports are prepared. Copies of audit reports are sent to the governor, agency heads, department of finance, and legislative council and biennial reports are forwarded to the legislature. Slight attention is normally given to these studies and no one, including the legislature, has assumed responsibility for taking action on the findings and recommendations.

Corrective action should be taken. Revision of the auditing process should be broad in scope. The following recommendations should be implemented:

- The position of auditor should be changed by constitutional amendment from popular election, to appointment by the legislature. The present incumbent should be retained in his position until his current term expires.
- Qualifications for the position of legislative auditor should be established and require that he be a certified public accountant with at least five years experience with a recognized public accounting firm. He should have all power presently conferred by law upon the state auditor.
- Salaries for the auditor and his staff should be sufficient to attract qualified and experienced accountants. All but the auditor's chief deputies should be covered by the state's merit system.
- Appointment of the auditor should be made by majority vote of both houses of the legislature from recommendations submitted by a joint audit committee. His term of office should be fixed by the legislature at not more than 6 years and he should not be permitted to succeed himself.
- A bi-partisan joint auditing committee should be established and meet on a regular basis to review all audit reports, determine agency compliance with audit recommendations, identify further areas for study, and report findings to the media and to the legislature as a whole.
- Funds should be appropriated to the legislative auditor for the express purpose of securing the

services of public accounting firms for regular audits of state agencies.

Audits should be made in accordance with professional auditing practices. They should be designed to determine the propriety of all the state financial transactions, management efficiency, and the spending of funds according to legislative intent.

Adoption of these recommendations would place the post audit function as a "watch dog" function independent of the executive branch. It would give the legislature the means needed to effectively and intelligently control the "purse strings" of government and to measure executive performance. It would provide legislators with the data needed to determine if appropriations are being properly spent, revenues adequately collected, and programs effectively performed.

The representative arm would thus have the tools, the data and the knowledge to enable it to be an effective "check" on executive performance.

8. GIVE THE OFFICE OF THE SECRETARY OF STATE  
THE RESPONSIBILITIES OF A LIEUTENANT GOVERNOR

The attention of the public must be focused on this most important problem of governmental succession. The lieutenant governor should bear a relationship with the governor comparable to that which the vice president has to the president. We recommend that the governor and lieutenant governor run on the same ticket as do now the president and vice president.

We further recommend that the lieutenant governor be attached to the governor's office and perform such duties, in addition to his regular tasks, as may be assigned to him by the governor, including the heading up of one of the major groupings. This could provide him with appropriate information and knowledge in the event that he succeeds to the position of governor.

9. APPOINT THE POSITION OF ATTORNEY GENERAL AND  
STATE TREASURER AND PLACE EACH IN CHARGE OF THE  
APPROPRIATE STATE AGENCIES

This Commission recommends that the attorney general as an elective office be eliminated and that he be appointed and head up the office of legal services. We further recommend that the function of state treasurer be performed by the department of treasury. The attorney general would be in a position to then act as "house counsel" and could devote his time to legal questions. The treasurer would head up the department of treasury and assume total responsibility for treasury management functions.

10. ABOLISH THE BOARD OF EXAMINERS

There is great confusion now existing as to the exact function and power of the board of examiners. Even now court clarification is sought. In the opinion of many, the power of the board has grown over the years to a point where we have "committee" government and the secretary of state and attorney general can relegate to themselves the role of chief executive. Responsibility is not fixed. The people are unsure as to whom they should look for executive performance.

11. CLARIFY AND IMPROVE ADMINISTRATIVE PROCEDURES  
AND ORGANIZATION FOR JUDICIAL-TYPE  
DETERMINATIONS

Much administrative activity involves executive, legislative and judicial functions. Executive functions concern program management. The formulation of "rules and regulations" prescribing future conduct is legislative in nature. Fact determination and the application of existing law to a particular fact situation is judicial in nature. This combination of activity is particularly apparent in the so called regulatory fields where we are concerned with the control and regulation of state sanctioned monopoly, in the licensing and franchising function, and in the granting of opportunity for the exploitation of state owned natural resources. It is also apparent in the area of taxation.

Two basic needs stand forth from even a cursory examination of present administrative conduct.

**First:** The need for uniform rules of procedure common to all appropriate agencies.

There is no uniformity of procedure before existing agencies. What rules exist are not widely published nor are they codified for easy access. Some bodies charged with the responsibility for publishing rules have failed to do so.

**Second:** The need to divorce the judicial function and legislative hearing functions from those who now carry on the rule-making and management function in some administrative agencies.

He who judges ought not to formulate the rules and administer the program. Functions should be separated in the interest of impartiality and fairness.

To correct these apparent needs this Commission recommends:

- 11.1 Adoption of a uniform administrative procedures act to provide for common rules of procedure before all appropriate administrative agencies.
- 11.2 Relieve those agency personnel now involved in all three functions (such as the members of the public service commission) from administrative and rule-making duties and have them confine their activities to judicial and legislative hearings.
- 11.3 This Commission, in many sections of this study, has alluded to the necessity and desirability of forming an administrative court to satisfy the need of independent and impartial quasi-judicial and quasi-legislative determinations. From a preliminary review, it would appear that a five-man court could handle the state's administrative hearing work load and that judges on such a court should be on the same pay schedule and have similar stature as district court judges. Such recommendations are tentative, however, in view of the fact that it is not possible at present to fully evaluate case work loads of commissions presently hearing cases. Their duties

are presently tied to administrative functions and many delegate their hearing responsibilities. The administration of justice in this area is deserving of a far more detailed study than this Commission has had time to accomplish. For these reasons, certain commissions with the heaviest hearing loads have been left temporarily intact. These commissions should continue hearing cases, but be divorced from executive and administrative functions until a meaningful review and well considered recommendations on an administrative court can be effected. This Commission urges in this regard that such a review be undertaken and that the Utah State bar, including its judges, play a prominent part in studying such an eventuality.

12. STRENGTHEN THE STATE'S MERIT SYSTEM

This Commission supports a strengthening of the state's merit system and endorses most of the concepts of personnel administration and merit employment as set forth in the recently passed merit law. Development of a comprehensive set of policies to guide implementation of the merit concept and revision of existing exemption policies should be part of this strengthening process. Further improvements can be achieved by establishing a separate department of personnel services, updating the state's classification and salary plan, and initiating management development programs. Detailed analysis of this Commission's recommendations in the area of personnel services can be found in chapter 4.

13. TAKE IMMEDIATE STEPS TO STRENGTHEN THE LEGISLATIVE BRANCH OF GOVERNMENT

Hand in glove with the strengthening of the executive branch of government must go a strengthened legislative branch.

Counting federal aid, the state now spends close to a million dollars each day. Our population is now more than one million. The demand for state services continues to increase.

Those charged with charting the policy for the state must be provided the tools, staff, information and compensation to enable them to perform in a superior fashion. They must be provided with continuity.



Part of such strengthening will result from adopting the legislative auditor recommendation herein set forth. Part will result from improved budget review.

A careful study must be made of the legislative branch with the end in view of providing it with the strength demanded to meet modern problems and to effectively fulfill its classic function as a check upon executive activity.

## CONCLUSION

The pattern of government proposed in the foregoing recommendations and detailed in prior chapters is designed to overcome the major defects within the existing structure of government by fixing authority and responsibility and by insuring accountability for performance. In reaching for these objectives the pattern provides for:

- The placing of executive responsibility and authority in the office of the governor.
- Consolidation of services into a limited number of manageable natural groupings.
- The creation of a key management team with clear lines of authority and responsibility.
- Proper budget procedures and controls to effectively manage the executive branch.
- Advisory councils and selected policy boards, where desirable, to provide for citizen participation in state government.
- The proper balancing of power between the executive and legislative branches through a strengthening of both.
- Improved accountability and performance measurement through an effective and continuing legislative audit.
- An effective personnel program to attract, retain, and develop high caliber personnel.

- Uniform administrative procedures and a separation of judicial function from administrative activity to guard against arbitrary administrative action.

We do not suggest that it is the only or even the best pattern that can be proposed. It does, however, represent our best judgment within the time and budget limitations of our charge.

The legislative burden and the public burden is to consider, examine, and deliberate upon the recommendations and to adopt, change, modify and improve upon them. Our common burden is to insure that our instrument of government is equal to the 20th century task so that our common quest for economy, responsibility, and accountability in government will be achieved.

## XVI. PLAN OF ACTION

Previous chapters of this report have offered recommendations, by staff or service areas, to improve the organization and management of the executive branch of government. These recommendations have been designed to achieve the reorganization objectives set forth in senate bill no. 20:

- To limit expenditures consistent with efficient performance.
- To consolidate agencies and functional areas.
- To eliminate duplication and overlapping of services.
- To abolish agencies and functions no longer needed.
- To define and limit executive services and functions.
- To improve necessary and essential services.

For reorganization to be truly meaningful and effective, these objectives should be pursued on a continuing basis. However, the recommendations set forth in this report should be considered only as a broad blueprint of the organizational and management changes needed. Further and more detailed study in each service and program area are essential.

Adoption and complete implementation of the changes proposed by this Commission cannot occur overnight. Time will be needed for the legislature and public to brief themselves as to why change is desirable, draft proposed bills and constitutional resolutions, and enact necessary legislation. Constitutional revisions will require an intensive public educational effort after propositions have been placed upon the ballot. Once basic legislative changes have been drafted and adopted, administrative implementation of organization and management recommendations will require months and sometimes years of work.

The following steps, therefore, should be taken to put into effect organizational changes:

1. CENTRALIZE AUTHORITY AND RESPONSIBILITY FOR OVERSEEING REORGANIZATION PLANS

After organization changes receive legislative approval, a specially created reorganization commission should be established, financed, and assigned responsibility for seeing that reorganization is orderly, economical, and completed in an objective fashion. This group should be assisted by the administrative services division in the proposed department of budget bolstered by, perhaps, outside professional help. Major functions of this commission would be:

- Preparing action guides which establish the nature of work to be done, target dates for completion, and personnel responsible for each work element.
- Coordinating work performed, inspecting and evaluating work in progress, and arbitrating conflicts which evolve.
- Presenting monthly progress reports to the governor and a special legislative committee on reorganization. Such reports should be geared to measure progress against the plan and provide the governor and legislature with information to permit corrective actions if necessary.

Without central direction and control, implementation of organizational changes would probably occur in a piecemeal fashion, and many of the benefits to be gained by reorganization could be lost.

2. DETERMINE REALISTIC STAFFING PATTERNS FOR NEWLY ORGANIZED AGENCIES

If reorganization is to be successful and economical, careful attention should be given to the staffing needs of newly structured organizational units. Staffing levels should be critically evaluated to:

- Determine the exact number of personnel needed to staff an agency or division.

- Identify positions which are surplus and should be discontinued and positions which are new and need staffing.

Jobs will have to be reclassified, new personnel recruited if available skills are inadequate, compensations reviewed, and training initiated. For those positions no longer needed, recruitment will have to be frozen and personnel reassigned until attrition takes place and manning levels reach prescribed limits.

Re-alignment of departmental functions, therefore, presents an unique opportunity for the state to increase its operating efficiency and lower its costs. Opportunities for combining operations, improving methods, and establishing control over employee performance will occur as a by-product of the changes in organization. However, to capitalize fully on these cost reduction opportunities, it is important that each department use an organized, systematic approach in its improvement program.

2.1 Undertake a Study of Department Methods and Procedures

As the initial step, the major work procedures performed in each department should be flow-charted through the different operating sections. The flow charts should be analyzed for possible improvements in work flow, the elimination or combination of certain work elements, and the possible application of more efficient methods or equipment.

2.2 Establish Time Requirements to Perform the Major Procedures

Standards should be established to whatever degree of accuracy is needed for management control. For routine, highly repetitive office work, it will be appropriate to use predetermined standard clerical time data. The time values for variable and long-cycle procedures should be established by work sampling or simply by "guided" supervisor estimates.

2.3 Develop Criteria for Predicting Levels of Departmental Activities

Specific indicators of activity levels should be established for each major procedure. This step should include

development of work load indicators and activity levels to determine the correlation between the two factors. Based on correlations established, the department should predict levels of activity for various procedures.

2.4 Establish Staffing Requirements to Meet Projected Levels of Activity

Using time values that are developed for each procedure, departments should determine overall man hours required to perform various departmental functions. These requirements should be converted into personnel staffing patterns for different organizational units.

2.5 Install Management Information Reports to Measure and Control Departmental Performance

Reports should be designed to show on a month by month basis, a comparison of actual hours against required hours based on application of standard time values. They should be used to insure the continuance of cost savings that are achieved during the course of methods analysis and staffing determination work.

It is reasonable to assume that departmental effectiveness can be upgraded significantly through methods improvement and application of labor controls.

3. COMPUTE FINANCIAL NEEDS FOR REORGANIZED AGENCIES

Departmental appropriations and budgets will have to be revised on an interim basis to reflect the transferring of administrative units or restructuring of functions and programs. Accounting records, procedures, and financial reporting systems will need to be changed accordingly.

After reorganization takes place, new and improved budgetary techniques should be developed and cost/effectiveness determinations made for each program area.

4. DEVELOP POLICY AND PROCEDURAL MANUALS FOR  
NEWLY ORGANIZED DEPARTMENTS

To facilitate the work flow and operational effectiveness of reorganized agencies, policy and procedural manuals should be prepared. These manuals should clearly delineate various management levels and the responsibilities of each, guide the work flow within the organization, establish work methods and procedures, institute management reporting systems, and specify the kinds of forms used and records kept.

5. DETERMINE SPACE AND EQUIPMENT NEEDS

Reorganization of major departments will involve reassignment of existing office space, as well as equipment, furnishings, and motor vehicles. Careful consideration should be given to the assignment of space to meet present and projected needs.

CONCLUSIONS

It should be clear from the preceeding discussion, that the task of reorganization has just started. However, the benefits to be derived from such an effort are considerable in terms of economies and improved public services which can be achieved. Exhibit XLIII sets forth just a few of the potential economies identified by this Commission - economies which involve millions of dollars. These estimates merely scratch the surface of what can be reasonably expected if the suggestions in this chapter are adopted.

EXHIBIT XLIII  
STATE OF UTAH

DOLLARS AND SENSE OF REORGANIZATION

<u>AREA FOR IMPROVEMENT</u>	<u>ESTIMATED NEAR- TERM SAVINGS</u>
<u>Budget and Administrative Services:</u>	
. Continuing "in-house" management analysis	\$ 225,000
. Improved and consolidated purchasing	350,000
. Centralized motor fleet management	150,000
. Improved mailing practices	18,000
. Centralized communications services	100,000
. Consolidated office services	35,000
. Centralized duplicating services	25,000
. Consolidated data processing services	115,000
. Expanded records management programs	30,000
. Improved control over rental space	<u>15,000</u>
	\$1,063,000
<u>Revenue Services:</u>	
. Improved management and diversification of investments of permanent funds	\$ 148,000
. Acceleration of revenue flow and expansion of short-term investments	500,000
. Expansion of tax auditing program	100,000
. Methods improvement and application of labor controls	<u>150,000</u>
	\$ 898,000
<u>Transportation Services:</u>	
. Reduction of warehouse inventories	\$ 200,000
. Improved manpower utilization	<u>1,000,000</u>
	\$1,200,000



Health and Welfare Services:

. Development of regional welfare offices	\$ 250,000
. Improved methods, procedures, and manpower utilization	<u>500,000</u>
	\$ 750,000

Public Safety Services:

. Improved manpower utilization	\$ 50,000
. Consolidation of branch offices	<u>25,000</u>
	\$ 75,000

Natural Resources Services:

. Consolidated staff and support services	<u>\$ 50,000</u>
	\$ 50,000

Labor and Commerce Services:

. Improved liquor control management	<u>\$1,140,000</u>
	\$1,140,000
	<u>                    </u>
TOTAL ESTIMATED NEAR-TERM SAVINGS	<u><u>\$5,176,000</u></u>

## APPENDIX A

### REPORT ON COMMUNICATION SYSTEM IMPROVEMENTS

This report is devoted to a summary analysis of state government's present system of telephone communications. It includes this Commission's essential findings and points out improvement opportunities that are available to state government.

#### PERSPECTIVE

The state of Utah currently is spending \$1,500,000 annually on its total system of communications. These costs are increasing at the rate of 16 percent per year. Thus, in five years, if the same rate of expenditure is maintained, annual communications costs will increase to over \$3,000,000.

From an organization standpoint, the responsibility for planning, designing and controlling a state-wide system of communications has not been assigned to a single, responsible state agency. Therefore, the communications problem has developed as a result of a management void over the years. Thus, the growth of the state's system of communications, coupled with a distinct organizational problem, prompts this report.

#### CONCLUSIONS

After reviewing the available facts, spot-checking several major installations and interviewing heavy users of the system, this Commission has arrived at the following major conclusions:

- The state government's telephone system has grown largely in an unplanned manner, due principally to not assigning organizational responsibility for the

system's orderly development.

- The Wide Area Telephone System (WATS), although useful in many respects, has led to the development of poor telephone habits on the part of some state employees.
- The telephone system has grown so fast and is so complex that, today, the government does not know precisely the amount and extent of equipment and services that are now being used. Additionally, because of the system's scattered nature and diverse arrangement, a complete record of all costs is not now available.
- A sound communications system that is effectively controlled is an essential support to good organization. Since this Commission's principal task is to recommend an effective plan of organization for state government, the present system of communications requires immediate and intensive attention.

In this connection, this Commission notes the high level of cooperation received by the telephone company and the company's clear desire to help state government achieve the best possible communications system available today.

## RECOMMENDATIONS

In order to come to grips with this complex communications system, this Commission recommends several steps that should be taken now. These recommendations have been thoroughly discussed with the telephone company and general agreement has been reached in terms of a possible program for implementation.

### 1. ASSIGN ORGANIZATIONAL RESPONSIBILITY FOR PLANNING, DEVELOPING, AND CONTROLLING THE STATE'S COMMUNICATIONS SYSTEMS

Assignment of communications responsibility is an essential first step in establishing a point of control and coordination in state government. This action will provide a central clearing house for communications plans, programs, and cost data. It is recommended that communications actions of all kinds, whether stemming from the telephone company or from within state government be channelled

through and approved by this central point of control.

It is recommended that, until a plan of state reorganization is adopted, overall communications responsibility be assigned to the secretary of state. The secretary of state should periodically inform the governor as to the progress in achieving meaningful communications results.

The Commission recommends that the governor, through executive order, implement this suggestion at the earliest possible date.

Once reorganization takes place, this function should be permanently assigned to the department of general services.

2. INFORM ALL STATE OFFICIALS AND COMMUNICATIONS SUPPLIERS THAT THE STATE GOVERNMENT PLANS TO REVIEW ITS COMMUNICATIONS PROGRAM INTENSIVELY

This Commission believes it is important to explain to all key governmental staff, as well as suppliers of communications equipment and services, that the purpose of reviewing the state's telephone system is to improve communications and not to stifle progress.

3. IMPLEMENT A SIX POINT ACTION PROGRAM

There is certain information, not now available, that is required for analysis purposes. Before the state can develop a rational communications plan, it is important to determine accurately where government stands today. The following actions are recommended:

(1) Discontinue All Tie Lines Between Switchboards and Non-Satellite Systems

This action will not impair the present communications system and will begin to generate records and cost data for analysis purposes.

(2) Discontinue All Wide Area Telephone Service (WATS) Lines

The present WATS system has not provided the level of service or control that the state requires for effective operations

This action will generate additional data for determining state-wide communications requirements. State agencies should continue to place intra-state long distance calls that are required to carry on the government's business in an efficient way.

(3) Install Code Billing in All Offices Having Switchboards

This action will provide a means of employee identification on all calls placed and will permit accumulation of usage data.

(4) Obtain a Complete Listing of All Telephone Equipment

The telephone company should be requested to physically inventory and provide a complete equipment itemization in each of the state government's more than 300 office locations. This inventory should be provided to the secretary of state and should be stated in terms that are readily understood, avoiding the use of codes. Accompanying the equipment inventory should be all costs associated with each unit of equipment and each service provided to the state. Costs should be stated on a monthly basis and extended to an annual basis.

(5) Provide Schematic Diagrams

Suppliers of communications should be requested to provide schematic diagrams or maps representing all tie lines or similar services now provided to state government.

(6) Obtain and Analyze All Telephone Invoices

It is important that all telephone bills for any and all telephone services be provided to the secretary of state for analysis purposes. These invoices must be complete and contain both the summary and back-up billing information. In order to measure actual progress of the recommended six-point program, two kinds of invoices are required: (1) the last complete month's billing prior to implementation of this program; and (2) bills covering all telephone services during the two months period of this program. This information will permit accurate comparison as to actual progress, improvements, and cost reductions.

## BENEFITS TO UTAH

Prompt action on the above recommendations will benefit state government in several significant ways.

- There will be organizational improvements as a result of assigning communications responsibility to a specific state agency.
- Information required for further detailed analysis will be generated.
- Communications will not be impaired, but actually improved.
- Costs will be more effectively controlled.
- It is estimated that immediate, actual savings of \$100,000 annually and \$200,000 on a biennial basis can be achieved.

For these reasons, this Commission believes that it will be worthwhile and productive to move forward vigorously with the recommendations in this report.

## APPENDIX B

### REPORT ON FURTHER COMMUNICATIONS COST REDUCTION OPPORTUNITIES

This Commission's first report on communications identified several improvement opportunities that can be achieved, at no further cost to the state, including a recurring biennial savings of \$200,000. The purpose of this supplementary report is to outline the steps required to develop an outstanding system of communications for the state government and, additionally, to attain further substantial cost reductions.

#### PERSPECTIVE

State government presently has about 6,000 to 7,000 telephones scattered among some 280 state office locations. Its present communications system, as discussed in the previous report, is costly and has grown in an unplanned manner, principally due to a lack of assigned organizational responsibility for this function. Adoption of this Commission's previous recommendations will begin to establish rational control over the communications system but in order to achieve substantial longer-range benefits, there is much more work to be done.

#### CONCLUSIONS

This Commission believes that a sound system of communications will permit and encourage effective governmental organization and operations. It is concluded, therefore, that the time is appropriate to make an exhaustive, in-depth review of the entire communications system and to actively pursue every opportunity for increased effectiveness and improvements in costs.

## RECOMMENDATIONS

The state of Utah has an unique opportunity to take the leadership among all state governments in developing a system of communications that is well-designed and effectively serves the needs of both the public and the government at the most reasonable cost possible. To accomplish this objective will require considerable effort over a period of almost one year. The following recommendations outline the steps that should be taken.

### 1. ANALYZE IN DETAIL ALL EXISTING EQUIPMENT AND USAGE

At the outset, it is essential to subject all existing communications equipment and usage patterns to rigorous analysis in order to determine specifically the problems and opportunities that exist. A four step program is recommended, as follows:

#### (1) Analyze All Equipment, Services, and Costs

Historical cost patterns should be developed on each unit of equipment and service and costs measured against known standards in order to identify out-of-line cost situations.

#### (2) Analyze Usage Patterns

Here, the frequency of communications usage should be appraised and the reasons and justification for such usage identified. The following kinds of communications should be analyzed: (1) from the public; (2) to the public; (3) intra-office; (4) inter-office; and (5) long distance. During this review, it would be helpful to solicit specific communications observations and problem areas from the public. This could be accomplished readily through the news media.

#### (3) Review Existing Tariffs

Inasmuch as tariff rates have a direct bearing on costs, existing offerings of all common carriers operating within the state should be carefully analyzed.

#### (4) Review Communications Equipment and Services Available from Other Sources

All potential suppliers of equipment and services should be



reviewed in terms of costs and applicability to the state of Utah's communications situation.

At the conclusion of this phase of the work, the existing problems will have been identified, the state's communications requirements defined, and a plan developed for a modern, effective system of communications that will serve the public and the government in an efficient manner.

2. DEVELOP DETAILED SPECIFICATIONS FOR THE STATE'S COMMUNICATIONS SYSTEM

Specifications should be designed to afford a range of organizations an opportunity to submit bids on a competitive basis and to assure that the state of Utah will be getting the most appropriate equipment and services at a reasonable cost. Bids should be carefully analyzed and evaluated in relation to the state's communications requirements and its plan of system design.

3. INSTALL AND CONTROL AN OPTIMUM COMMUNICATIONS SYSTEM TO MEET STATE REQUIREMENTS

During this phase, a plan and time schedule for equipment installation should be developed. Actual installation of equipment should be supervised to assure that the state's systems requirements are being met in every respect.

After installation of equipment, a plan should be designed to identify and control costs and to encourage maximum effective utilization of the communications system by the public and the state government as a whole.

4. SUPERVISE AND TRAIN KEY STAFF MEMBERS TO CARRY ON AND MANAGE A MODERN, EFFICIENT COMMUNICATIONS SYSTEM

At the conclusion of this intensive review and analysis process, the state not only should have the best communications system available at the most reasonable cost, but also should have a trained cadre of key staff members who will have the capabilities and technical knowledge to manage such a system effectively. This latter factor is essential to assure future system effectiveness.

5. BEGIN THE RECOMMENDED COMPREHENSIVE ANALYSIS AS SOON AS POSSIBLE

In order to achieve the evident benefits of a modern communications system and to reduce recurring biennial costs, conservatively estimated at \$500,000, it would be well to begin this program immediately. It is recommended, therefore, that the governor and the board of examiners consider this project as a priority matter.

BENEFITS TO UTAH

The benefits of the recommended program to the public and the state government are significant:

- Improved organization and operations within government.
- An increased level of service to the public.
- A method and system for managing and controlling communications costs.
- An opportunity for Utah to take a position of leadership in the field of effective communications.
- Recurring cost reduction opportunities in the order of \$500,000 on a biennial basis.

These are substantial benefits. It seems sound practice, both from the viewpoint of the public and the state government, to seek out the opportunities for improvement that are described in this report.

## APPENDIX C

### REPORT ON OPPORTUNITIES FOR IMPROVING DATA PROCESSING ACTIVITIES

This report is oriented to an evaluation of the state's present organization for carrying out data processing and computation activities and potential immediate and near term data processing savings that are available to the state. This Commission's review of these activities has been directed toward determining what kind and arrangement of data processing equipment is required by the state to effectively process current applications. This review has not extended to considerations of what would be required to develop an outstanding data processing system in Utah's state government.

#### PERSPECTIVE

Data processing activities in state government have been increasing significantly. Exclusive of higher education data processing programs, the state is spending \$680,000 annually on computer and unit record equipment rentals and salary costs involved in these operations. Calculating an additional cost factor for occupancy or space expense, supplies, and power requirements, it is estimated that the state is actually spending closer to \$1 million annually. This is clearly a significant expenditure and is likely to continue to grow as our technology improves. Thus, attention should be given to data processing activities to assure that they are properly organized and conducted in order to serve most effectively.

#### CONCLUSIONS

As a result of this Commission's review, several significant conclusions relating both to organizational and operational matters become evident:

- There has been a historical pattern of independent data processing installations developing within separate departments and divisions of state government. These installations generally have gone their own independent way, without significant regard for services that already were available. This kind of overall orientation and approach has resulted in duplication of effort and excessive costs.
- There have been recent successful efforts on the part of the director of finance and the data processing coordinating council to consolidate certain equipment, services, and manpower. These efforts have produced actual savings and will produce more efficient service. This Commission is impressed with these efforts and concludes that an atmosphere has developed that will encourage even further progress.
- It is evident that, with sound organization and improved machine utilization, substantial economies can be achieved immediately.

Although it is apparent that progress has been made toward sensible consolidation of equipment, it is equally apparent that the state government must give considerable attention to data processing activities in order to put its house in order.

## RECOMMENDATIONS

In order to achieve a more effective data processing organization and operation, this Commission recommends the following actions.

### 1. STRENGTHEN THE STATE'S ORGANIZATION AND CONTROL OVER DATA PROCESSING ACTIVITIES

Until the point is reached where a plan of overall organization for the state of Utah is adopted, it is recommended that the authority for consolidating and otherwise improving data processing operations be clearly vested with the director of finance (except for higher education installations). The director of finance should be responsible for reviewing and passing on all proposals for the acquisition of new data processing equipment.

Responsible to the director of finance in this important effort should be a reconstituted data processing coordinating council. This Commission recommends a four member council to be selected from individuals currently involved in the management of data processing facilities. Inasmuch as the council's evaluation and consolidation work is of a sensitive and difficult nature, it is important that council members be highly objective and analytical.

It is recommended that the governor, by executive order, transfer this responsibility to the director of finance as soon as possible.

Once reorganization has taken place, this responsibility should be permanently assigned to the department of general services.

2. GIVE EARLY CONSIDERATION TO ACHIEVING SUBSTANTIAL ECONOMIES THAT ARE AVAILABLE IN THE NEAR TERM

Cost reduction opportunities have been identified that can save the state \$115,000 annually. These savings are achievable within a very short period of time by: (1) turning back equipment that is not needed; (2) eliminating excess capacity which results from low utilization of the present unit record equipment; and (3) attaining certain salary cost displacements. Exhibit C-1 following this page, describes the present and the recommended cost pattern for data processing activities. In order to achieve these economies, the following two steps should be taken:

- The data processing installation at the liquor control commission (1004 card processor) should be eliminated. This installation serves no apparent useful purpose, having neither displaced clerical personnel nor generated any significant management reports. This action will produce \$32,000 annual savings.
- There are several unit record installations which can be consolidated. Additionally, as indicated in Exhibit C-2 following, the utilization of such equipment varies widely. Such excess capacity will permit elimination of certain pieces of equipment. This action will enable the state to save \$83,000 annually.

EXHIBIT C-1  
State of Utah

ANNUAL EXPENDITURES FOR DATA PROCESSING  
EQUIPMENT AND SALARIES

<u>SALARIES</u>		<u>CURRENT COSTS</u>		<u>RETAINED COSTS</u>
Department Managers	( 3)	\$ 26, 500	( 3)	\$ 26, 500
Programmers	(12)	80, 100	(11)	73, 300
Supervisors	( 9)	48, 200	( 5)	38, 700
Machine Operators	( 9)	36, 900	( 6)	23, 800
Key-Punch Operators	(54)	173, 900	(41)	132, 000
Clerks	( 2)	7, 700	( 3)	<u>15, 400</u>
	(89)	\$373, 300	(69)	\$309, 700
 <u>EQUIPMENT RENTAL</u>				
Computers	( 3)	\$202, 600	( 3)	\$202, 600
Unit Record Equipment	(28)	70, 300	( 7)	28, 800
Key-Punch and Verifiers	(55)	<u>34, 300</u>	(41)	<u>25, 800</u>
		<u>\$307, 200</u>		<u>\$257, 200</u>
 <u>ANNUAL COSTS</u>		<u><u>\$680, 500</u></u>		<u><u>\$566, 900</u></u>

EXHIBIT C-2  
State of Utah

UNIT RECORD EQUIPMENT  
ANALYSIS OF UTILIZATION

<u>MACHINE NUMBER</u>	<u>MACHINE DESCRIPTION</u>	<u>NUMBER OF UNITS</u>	<u>PERCENT OF UTILIZATION</u>
024	Card Punch	16	98%
026	Card Punch	17	82%
056	Verifier	19	82%
082	Card Sorter	2	62%
083	Card Sorter	5	40%
084	Card Sorter	3	68%
077	Collator	1	0%
088	Collator	4	60%
548	Interpreter	1	11%
557	Interpreter	2	45%
514	Reproducing Punch	2	10%
519	Reproducing Punch	2	59%
402	Accounting Machine	1	40%
403	Accounting Machine	1	34%

The liquor control commission equipment, referred to above, was purchased by the commission on an installment sales contract basis at an original cost of \$72,000. A balance of \$58,700, less interest credits, is still due the vendor on the original contract. This Commission urges that the state take appropriate steps to dispose of this equipment.

### 3. SEEK ADDITIONAL SAVINGS THAT ARE AVAILABLE

There are additional cost reduction opportunities that can be achieved with additional analysis. These savings should be sought out and achieved by the director of finance.

- This Commission believes that the state should move steadily toward a multiple shift data processing operation. This kind of operation is the most economic and efficient way to use this expensive equipment.
- Consider the purchase instead of rental of key punches and verifiers. This approach is economically sound over the long range.
- Carefully evaluate the necessity for retaining the 1401 computer in the highway department. On the basis of preliminary analysis, this Commission believes that the applications now being processed on this equipment could be accomplished in the central computer facility. To arrive at such a determination, the director of finance should arrange to conduct a detailed, objective evaluation of the situation and begin developing a processing schedule for the central computer facility which will meet the requirements of all departments. Additionally, the director of finance and his council should make a final determination as to the economic desirability of accepting delivery of the IBM 360 computer that the state currently has on order.

In addition to the potential savings discussed above, the state should start thinking about the longer term possibility of substantial clerical cost displacement as a result of developing a more comprehensive approach to data processing.



## BENEFITS TO UTAH

The adoption and implementation of recommendations contained in this report will produce both immediate and longer range benefits to the state. This Commission recognizes that the state's technical data processing group has identified certain of the opportunities included in this report. This kind of capability, coupled with the guidelines contained in this report, can result in sounder organization, readily achievable cost reductions, and better data processing services within state government.

## APPENDIX D

### REPORT ON AUTOMOTIVE FLEET MANAGEMENT

This report focuses upon an analysis of the organization and management of the state's motor fleet. Major findings and recommendations are set forth in order to achieve improvements in this area.

#### PERSPECTIVE

The state of Utah owns and operates approximately 2,400 motor vehicles. These vehicles have been acquired by over 40 different agencies and fall into the following categories:

- Passenger cars and station wagons	607
- Small trucks, jeeps and other light equipment	923
- Heavy duty trucks and buses	860
Total	2,390

Five agencies own 75% of these vehicles: road commission, forestry and fire control, fish and game, public safety, and department of finance (motor pool).

Motor vehicles represent a substantial investment on the part of the state (approximately \$4,500,000 depreciated value). In 1964, cash outlays for new vehicle purchases, excluding trade-ins, exceeded \$1,000,000. Because of the importance of this problem, this Commission has decided to concentrate on analysis of state-owned passenger-type vehicles which includes passenger cars, station wagons, carryalls, pickups and jeeps. The conclusions and recommendations included in this report do not consider the present heavy duty trucks and bus situation.

## CONCLUSIONS

On the basis of its study of automotive fleet management in state government, this Commission has concluded that management of passenger-type vehicles is deficient in several respects. Major problem areas include:

- . Sound organization for and management of the state's passenger vehicle fleet does not exist. Except for the motor pool, which includes approximately 135 vehicles, authority and responsibility for operation and maintenance of passenger-type vehicles are widely scattered.
- . Failure to centralize management responsibility for passenger-type vehicles has resulted in uneven policies in the assignment, maintenance, and replacement of motor vehicles. Many of these policies prevent efficient and economical operation.
- . Purchasing policies for passenger-type vehicles require revision in terms of specification, size and scheduling of purchases, and bid selection.

Unless attention is focused on this major problem and sound management is substituted for inadequate motor vehicle administration, the state can expect to continue to lose money on its automotive fleet operation.

## RECOMMENDATIONS

The state's automotive fleet probably will expand significantly during the next few years. Capital and operating expenditures for motor vehicles also will increase. Current policies and practices for control and management of passenger-type vehicles are inadequate and should be revised. To correct the inadequacies of the present system, this Commission recommends the following steps.

### 1. ASSIGN RESPONSIBILITY FOR AUTOMOTIVE FLEET MANAGEMENT

Sound management of the state's 1,500 passenger-type vehicles requires pinpointing authority, responsibility and accountability. This

Commission recommends, therefore, that authority and responsibility for state automotive fleet management be centralized in one agency. Until a complete reorganization plan is adopted, such responsibility should be assigned to the department of finance. When reorganization is completed, this function should be assigned to the department of general services. With managerial authority clearly established in a single agency, it will be possible, for the first time, to give attention to the total passenger fleet problem.

All passenger-type vehicles should be considered as a part of a centralized motor pool. Equitable mileage and daily, monthly, and yearly rates should be established for vehicle use and agencies should be charged appropriately. Authority to assign these vehicles to individuals on a permanent basis should remain with agency heads. The department of finance should be authorized to establish broad policies governing assignment of vehicles and audit their use. Infractions of vehicle policy should be promptly reported to agency heads and appropriate corrective action taken. This Commission recommends that present assignment of vehicles be promptly reviewed to determine if all permanent assignments are fully justified.

Furthermore, vehicle requirements of all agencies should be analyzed systematically. Wherever possible, the composition and use of the motor vehicle fleet should be tailored to public service and agency needs consistent with economical operation and replacement.

The present method for establishing daily charges for motor pool cars should be reviewed to eliminate the large accrued reserve which has developed over the past few years. Motor pool charges should be geared to cover actual cost of operation and replacement only.

## 2. RECRUIT A HIGHLY TRAINED MANAGER FOR MOTOR FLEET OPERATIONS

Consolidation of automotive fleet management in a single state agency will necessitate professional planning and experienced implementation. The technical nature of these tasks will require the full-time attention of a highly trained manager with extensive experience in motor vehicle administration. To meet this need, this Commission recommends that the department of finance be directed to employ the best talent available for this position. It can be expected that such a manager will save the state many times his salary.

3. DEVELOP A VEHICLE REPLACEMENT POLICY BASED ON CUMULATIVE AVERAGE ANNUAL COST

Current vehicle replacement policies vary from no policy at all to established replacement schedules. Vehicle age or mileage appear to be the criteria most used to determine the time of replacement. Ages of vehicles at time of replacement range from two to five years and mileage from 40,000 to 80,000 miles. The most frequent replacement time is at two years or 40,000 miles.

The replacement age for passenger-type vehicles should be that age which minimizes fleet cost or an optimum balance between increasing operating, maintenance and repair costs and decreasing depreciation and interest costs. Since fuel and oil consumption does not vary significantly in well-maintained vehicles of the same class, clearly the most significant cost factors in determining the best replacement policy for state vehicles are maintenance, repair, and depreciation costs.

The basic criterion for passenger car replacement should be the point of lowest cumulative average annual cost over the life of the vehicle. The cumulative average annual cost of vehicles should include ownership, operating, maintenance, and repair. The accumulation and analysis of such cost records will highlight the point at which additional repairs will increase a vehicle's cumulative average annual cost, thereby indicating vehicle replacement instead of repair to be economically preferable.

This Commission recommends, therefore, that the department of finance eliminate the various replacement policies now in existence and establish an cumulative average annual cost as the basis for replacement timing. The principal cost factors involved in computing annual cost should be:

- . Resale value lost
- . Maintenance and repair costs
- . Capital costs
- . Direct operating costs
- . Insurance costs

These cost factors will differ between makes and models as well as with increasing years of use.

Once the values have been determined for each vehicle class, the cumulative average annual cost of operating can be determined for one,

two, three, or more years. Optimum replacement decisions should be based on the determination of the number of service years required to produce the lowest average vehicle cost per service year.

Included in this report is a formula, the use of which will quickly and accurately calculate average annual vehicle costs and will permit the state to make replacement decisions which are economically sound. This formula and an explanation of its use are set forth in Exhibit D-1 at the end of this report.

4. MAINTAIN ADEQUATE COST RECORDS FOR ALL PASSENGER-TYPE VEHICLES

Vehicle cost records kept by various agencies vary in terms of their usefulness. While records include purchase price and usually certain operational costs, depreciation as a cost of ownership is generally ignored.

The department of finance should be authorized to establish, maintain, audit and analyze uniformly comprehensive cost records for all passenger-type vehicles. Records should include: the total cost of acquisition (value of trade-in, pre-service expense, and special equipment installed); cost of invested capital; maintenance and repair costs, including overhead expense; operating costs; and actual yearly depreciation, calculated on an acceptable and consistent basis. Vehicle costs should be continually reviewed and analyzed to assure that the state government is getting the best possible and most economical "deal" in its vehicle replacement program.

5. ESTABLISH UNIFORM VEHICLE MAINTENANCE POLICIES AND STANDARDS

The department of finance should establish uniform policies and standards for vehicle maintenance. Criteria should be developed to establish in which cases vehicles will be repaired in state shops and when they will be taken to commercial agencies. At present there is no consistent policy being followed by all agencies.

## 6. DEVELOP UNIFORM VEHICLE SPECIFICATIONS

Currently, a small number of agencies prepare their vehicle specifications after consultation with the purchasing division or by using their own personnel. However, most agencies prepare their own specifications without recourse to specialized knowledge of how to prepare effective specifications.

Standardization of passenger-type vehicle specifications should be accomplished by the department of finance as rapidly as possible. Development of uniform specifications will simplify purchasing procedures, insure that adequate specifications are prepared, and provide additional opportunities for volume purchasing.

Adequate pre-delivery service is an absolute prerequisite to low maintenance cost performance and, unfortunately, not often included in state specifications. Dealers can provide pre-delivery service most efficiently because of their specialized equipment and training. Therefore, all specifications should include detailed pre-delivery service requirements and a program established to insure that dealers meet these requirements.

## 7. MOVE TOWARD VOLUME BUYING OF VEHICLES

Procedures for acquiring passenger cars and trucks have not resulted in lowest available prices and needlessly have increased the volume of clerical work required to process purchase orders. During 1964, for example, the state purchased 188 passenger cars for a cash outlay of over \$300,000 and 223 light and heavy trucks for almost \$800,000. These 411 vehicles were secured through 105 separate purchase orders, an average of only four vehicles per order. Prices for exactly the same kinds of vehicles varied from 1% to 3%. While such a variation might appear to be slight, volume buying can save the state thousands of dollars in the future.

Agencies should be requested to estimate their future motor vehicle needs. Advanced collection of needs and centralized scheduling of vehicle replacement will permit the purchasing division to consolidate orders for motor vehicles and determine the most advantageous time to place the orders. The department of finance, at the suggestion of this Commission, has recently taken steps in this direction by deciding that it will make motor vehicle purchases only twice a year.

## 8. SELECT BIDS ON A NET-COST BASIS

The state acquires passenger-type vehicles on the basis of formal competitive bids. Awards are made to the "lowest and best" bid with no consideration given to the probable recovery or resale price of the vehicle. The low bid, however, should truly reflect the net cost of the vehicle. This can be accomplished by estimating the probable resale value in advance. This Commission recommends, therefore, that the purchasing division and transportation services manager be authorized to consider the probable resale value of the vehicle as a factor in determining the lowest bid.

Estimating resale value in advance, although difficult, can be done with some accuracy when based on recent historical evidence of comparable sales and published used car market guides. The differences in the rate of depreciation among makes and models are quite constant over the years. Therefore, an objective and realistic prediction can be made as to future rates of depreciation for next year's models. All such predictions should be discussed with and available to automobile dealers prior to the letting of bids.

The general practice of purchasing "stripped" vehicles in the lowest model price ranges should also be reexamined. Often these vehicles prove more costly, in the long run, because of their low trade-in values. The department of finance, therefore, should analyze the overall costs of differently equipped makes and models to determine which kinds of vehicles are actually most economical.

## 9. REVIEW POLICIES ON USE OF PERSONALLY OWNED VEHICLES

It seems to this Commission that the only reason to purchase vehicles is, through their use, to provide better service to the public. Further, it appears that in many cases, employee use of personally owned vehicles can be as effective (and probably considerably more convenient) as using state owned vehicles. This Commission recommends, therefore, that these policies be restudied to determine how to best meet the state's overall vehicle needs. At the same time the state should review its mileage allowance policy which is definitely on the low side.

## BENEFITS TO UTAH

This report spotlights a problem that is fundamental to many governmental organizations - the need to purchase vehicles wisely and



use and maintain them effectively. This Commission believes that considerable savings can be achieved by adopting the recommendations, both organization and policy, contained in this report. We urge your acceptance of our suggestions.

EXHIBIT D-1  
State of Utah

RECOMMENDED APPROACH TO  
PASSENGER CAR REPLACEMENT

The basic economic criterion for vehicle replacement in Utah should be the automobile's total annual cost of operation. This computation, which incorporates the most significant factors influencing replacement decisions, should provide an effective and reliable tool for determining the time of replacement. In addition, it has the advantage of simplicity.

1. DETERMINE TOTAL ANNUAL COST OF OPERATING EACH MODEL

- (1) Vehicle replacement requires the outlay of capital. Therefore, in addition to original dollar cost, market value depreciation, and various operating expenses, a determination of total annual cost should include the cost and value of capital employed.
- (2) The total annual cost of operating a vehicle is equal to the difference between the purchase price and present market value multiplied by a factor for the cost of capital, plus annual expenses for maintenance, repairs, and operations, as follows:

Total annual cost = (capital recovery factor)

$$\begin{array}{rcl} & \times & \text{purchase price} \\ & & \text{less} \\ & & \text{current salvage value} \\ & + & \text{annual expenses} \end{array}$$

- (3) This relationship may be stated in terms of a formula as follows:

$$C = \frac{i (1+i)^n (P-S)}{(1+i)^n - 1} + E$$

- C = total annual cost in dollars
- P = original purchase price in dollars

- n = number of years the vehicle is to be retained before replacement
- S = salvage value in dollars after "n" years have elapsed
- I = annual rate of interest expressed as a decimal
- E = annual expenses in dollars for operations, maintenance, and repairs. This figure should include all direct expenses incurred in using the car, except depreciation and the cost of capital. It should not include costs for general overhead or insurance claims. Ideally, the computation should include a value for the cost of "downtime" while a vehicle is out of service.

(4) The use of formula required some judgment:

- The value of "S" and "E" at some time in the future may be difficult to determine; therefore it is important to keep accurate and up-to-date records on costs and used car market trends. As experience and historical data are gained from this application, patterns will emerge which should make forecasting easier and more reliable.

(5) The value of the capital recovery factor can be determined easily:

- The capital recovery factor in the formula is contained in the expression 
$$\frac{i (1+i)^n}{(1+i)^n - 1}$$
- The value of  $(1+i)^n$  can be read from any standard interest table for any interest rate.

(6) Once values have been determined for each component of the formula, the total annual cost of operating ("C") can be computed for one, two, three, four, and five years.

## 2. BASE REPLACEMENT DECISIONS ON THE INFORMATION DEVELOPED

There are a number of ways in which the data developed through this approach can be used.

- (1) The probable optimum economic time range for replacement of a given car model can be forecast in advance of purchase. The only economic factors that will be known prior to purchase are original cost, the cost of capital, and "make ready" costs. However, past experience and an analysis of the quality and specifications of the car being considered for purchase should permit an accurate prediction of costs involved.
  - One car can be measured against others under consideration for purchase.
  - Capital requirements can be forecast substantially in advance of actual need.
  - Knowledge of probable replacement date can be of assistance in setting depreciation policy.
- (2) After a given car model has been placed in service, the optimum economic time range for its replacement can be accurately determined. Using performance records, periodic evaluations can be made, an actual cost curve computed, and a new forecast projected to indicate minimum cost.
- (3) Individual car performance can be appraised. The figures developed will represent the average performance of all cars of a particular model. Obviously, some will perform better and some worse than this average, the variable elements being maintenance, repair (for example, a large reconditioning investment resulting from an accident), and operating costs. Substandard vehicles, which perhaps should be earmarked for early replacement, can be identified. Similarly, should a decision be made to replace only a portion of the cars of a particular model, those of the least economic utility can be selected and retired first.

- (4) Finally, this approach can assist management in identifying the characteristics and specifications of the type of vehicle which produces the best results. Thus, management can make better informed decisions on which model to buy and, of even greater importance, can present to the manufacturer selected specifications for the type of car desired.

3. DEFER THE REPLACEMENT OF VEHICLES AS LONG AS  
AVERAGE TOTAL ANNUAL COSTS ARE DECLINING

- (1) From a purely economic standpoint, to forestall investment in new vehicles the ideal situation would be to have in service a vehicle which would continue to operate year after year at a reasonably stable average total annual cost.
- (2) Utah should seek to find those vehicles which can be operated for the greatest number of years before the point of ascending average total annual cost is reached and replacement is required. The approach developed here can be used to identify that point in time.

## APPENDIX E

### REPORT ON DEVELOPMENT OF A STATE CASH MANAGEMENT PROGRAM

This report offers conclusions on selected aspects of the state's present cash management practices and recommendations for a rigorous and integrated overall cash management program. The material gathered does not represent a detailed audit, but rather a survey of current practices. The information included is based on current financial data and on interviews with key state personnel. Specifically, the study identifies and develops improvement opportunities for minimizing uninvested (non-revenue producing) cash as well as accelerating deposit and interest of funds.

#### PERSPECTIVE

Cash management is a primary responsibility of the executive branch of government. The ability to exercise this responsibility largely depends upon the availability of certain data and continuing cooperation, with the state treasurer, from other state agencies, particularly the department of finance and the tax commission.

The amount of funds which would be affected by a cash management program are quite significant: (1) department of finance disbursements for the previous twelve months were \$323,200,000; and (2) tax commission receipts for the same period were \$141,600,000. Thus, the lack of a program to obtain maximum return on this cash flow can prove very expensive in terms of lost revenues.

#### CONCLUSIONS

As a result of this Commission's review, two major conclusions on present practices have become evident.

- (1) Best use has not been made of available dollars, since present practices do not provide for maximum investment of significant amounts of cash which are available for short periods of time.

- (2) Further earnings increases can be obtained through a speed-up of deposits of monies paid to the state and the rapid investment of what would otherwise become uninvested funds.

In addition, further revenue increases could be obtained from a reappraisal of investment management policies and procedures of permanent funds. Sound cash management for the state is inhibited by statutory restrictions which prevent the state from obtaining the highest investment return consistent with sound, conservative investment practices.

In general, the state has made considerable progress in recent months in the field of cash management, as demonstrated by increases in bank time commercial deposit rates, the recent reduction of inactive demand deposit accounts, and the terms and management of the \$67,000,000 bond issue. Additionally, we commend the treasurer for actively implementing preliminary suggestions of this Commission and already achieving about \$35,000 in increased revenue that the state otherwise would not have received. However, the potential for further revenue improvement is still substantial enough to justify the development of an extensive and comprehensive cash management program.

## RECOMMENDATIONS

1. CONTINUOUSLY IDENTIFY AND INVEST THOSE DEMAND FUNDS WHICH CAN BE CONSIDERED UNINVESTED

The purpose of this recommendation is to assure that banks providing services to the state receive fair compensation and that state funds which would otherwise become idle be put to productive investment uses. The banks are entitled to adequate, reasonable, and just compensation for the services they provide to the state. In lieu of service charges for large accounts, banks traditionally ask for a compensating balance which will permit them to earn an amount equivalent to the service charge. Although there are frequently peaks and valleys in the amounts of such accounts, it is still possible to compute an average balance which will provide fair compensation to the banks.

Therefore, it is recommended that the state develop a formal program which will accurately pinpoint the amount of fair compensating

balances and assure that these funds over and above fair balances and state operating requirements be invested effectively. A program to achieve this objective should include the following elements:

- (1) Based on both past experience and projected future service requirements, determine the average balances, by bank, which will adequately compensate those banks for the extensive services provided the state.
- (2) On a continuing basis, determine the amounts of demand deposits over and above those required for operating and compensating balance purposes, making use of allowable redemption delays inherent under a warrant system.
- (3) Pinpoint the time periods such funds are available for investment, based on best estimates of receipt and disbursement patterns for days in the near future and for crucial periods during the fiscal year.
- (4) Invest such excess funds for the duration of their investment availability, using repurchase agreements if required.
- (5) Prepare monthly statements of average invested funds and uninvested (idle) funds, together with interest revenue earned.

The potential for increased revenues from such a program is significant. As an example, it is estimated that demand deposit balances in the treasurer's office alone averaged \$17,100,000 on a daily basis from January 1, 1965 through June 30, 1965. Although there were frequent and wide fluctuations around this average, a daily average of from \$7,720,000 to \$9,820,000 may be considered to have been in excess of adequate compensating balances for this period. With a proper cash management program, these uninvested funds could have been invested in revenue producing instruments. Annualizing the effects of such a program, it is concluded that interest revenue can be substantially increased on a continuing annual basis. This new, sophisticated approach - comparable to money management practices in private industry and a few advanced states - could provide a significant return.

In the interim period, pending full development of such a program and appropriate organization staffing, it is recommended that the governor, the treasurer and the director of finance work cooperatively



with the banks to implement the cash management program to the fullest possible extent by establishing a procedure whereby maximum revenue can be secured from daily demand deposits in excess of adequate compensating balances necessary to properly reimburse the banks for all of their services.

2. DEVELOP PROCEDURES WHICH WILL SPEED-UP DEPOSIT AND INVESTMENT OF FUNDS

Accelerating the deposit of revenue coming to the state can have a significant and positive impact on the amount of cash available for short-term investment under the program outlined previously. Currently, there is considerable variation among state collection agencies between the time of actual receipt of funds and their deposit for investment. The following steps should be taken to reduce such time to an absolute minimum.

- (1) Conduct a detailed procedures study of document processing methods used by administrative agencies which act as collection points for significant amounts of state funds.
- (2) Develop a procedure for centralizing and speeding-up deposits of funds collected by various agencies located in the capitol.
- (3) Develop specific standards for more rapid local deposits by outlying collection agencies and quick transfers of receipts for deposit and investment purposes.
- (4) Assure that all accounts are in the name of and can be drawn against by the state treasurer and require outlying banks to have a correspondent relationship with banks in Salt Lake City in which major accounts are maintained by the state.
- (5) Provide the treasurer's office with daily bank balances and short-term receipts and expenditure forecasts to permit effective investment under the recommended cash management program.
- (6) Direct the state auditor to periodically evaluate the speed of collections and deposits in the context of the preceeding

recommendations as he conducts his normal post audit function. The state auditor should require each agency to meet deposit standards recommended above.

As an example of the impact of this recommendation, a one-day reduction, which would appear reasonable, of the total time required for collecting, processing, depositing, and investing tax commission receipts could increase annual interest revenue by about \$17,000. Clearly, if this program were extended to all collection agencies, the amounts of additional revenue which could be generated is significant. To implement this recommendation, the governor, treasurer, and director of finance should develop sound business-like procedures with all state revenue collecting agencies to hasten deposits into the banks as well as provide an adequate flow of daily information into the treasurer's office of deposits made and warrants issued.

#### BENEFITS TO UTAH

The adoption of the recommendations contained in this report leading to the development and implementation of a workable cash management program will assure a significant increase in the revenue return on state funds available for investment. In addition, needed controls will be provided to the treasurer on the receipts and disbursements of funds to assure availability of funds to meet the state's financial commitments.

## APPENDIX F

### PROPOSED REVISION OF UTAH'S MERIT SYSTEM LAW

The following draft represents this Commission's recommendations concerning revisions to the merit system law, senate bill 196, enacted by the 36th legislature. Provisions of the present law which should be retained are set forth in normal prose. Provisions of the existing law to be deleted appear between slash marks / /. Recommended additions to the law are underlined.

Be it enacted by the Legislature of the State of Utah.

#### SECTION 1. PURPOSES OF ACT.

(a) The general purpose of this act is to establish for the state a system of personnel administration based on merit principles and scientific methods governing the appointment, promotion, transfer, layoff, removal, discipline and welfare of its civil employees.

(b) To aid in the accomplishment of the foregoing general purpose, the following principles are recognized:

- (1) Personnel administration in the state government or Utah shall strive for responsiveness to the changing desires of the people of the state as reflected primarily through elections, and efficiency in meeting those desires.
- (2) Responsiveness of state administration shall be furthered by rotation in office of certain policy-determining and administrative officers at the discretion of the elective officials of the state.
- (3) Efficiency shall be furthered by assuring to qualified employees in certain ranks of state agencies below the policy-making level tenured careers.

For such positions, decisions as to appointment, remuneration, promotion and retention shall be based upon merit, without discrimination as to race, natural origin, religion or political affiliation.

SECTION 2. GOVERNOR AS ULTIMATE AUTHORITY - STATE DIRECTOR OF PERSONNEL / UNDER DEPARTMENT OF FINANCE/ - DUTIES - MERIT SYSTEM DIRECTOR - ASSISTANCE TO SUBORDINATE GOVERNMENTAL UNITS - MERIT SYSTEM /COUNCIL/ BOARD - MEMBERS - DUTIES.

(a) Authority and responsibility for effective personnel administration shall be vested in the governor of the state of Utah and shall be carried out at all levels in a manner to facilitate his general management of the executive branch.

(b) The governor shall appoint a state director of personnel to serve at his pleasure who shall direct the state personnel office and administer the statewide personnel program/s. / and merit system.

/(c) The state director of personnel shall be placed under the supervision of the director of finance. /

/(d)/ (c) It shall be the responsibility of the state director of personnel to develop and administer a program of positive personnel administration which will aid in the efficient execution of public policy, foster careers in public service for qualified employees and render assistance to state agencies in performing their missions.

/(e)/ (d) The staff of the personnel office below the level of the state director of personnel shall be under the merit system, specifically including the supervisor of examinations and registers who shall be known as the merit system director.

/(f)/ (e) The state personnel office is authorized and encouraged to render technical service and advice on personnel management to counties, municipalities and other subordinate units of government within the state, for which charges to cover costs may be imposed at the discretion of the state personnel office.

/(g)/ (f) There shall be a merit system /council/ board of five members, appointed by the governor for four-year terms, three with terms coterminous with the governor and two with terms beginning on January 1 of the third year of the governor's regular term in office.

/The members of the existing three-man merit system council shall complete the terms for which they were appointed, with two additional members being added in a manner to be determined by the governor to effect the rotation required by this subsection./

/(h)/ (g) The merit system /council/ board shall be organized as follows:

- (1) The members of the /council/ board shall be persons in sympathy with the application of merit principles to public employment. No member of the /council/ board shall be a member of any local, state or national committee of a political party or an officer or member of a committee in any partisan political club, or shall hold, or be a candidate for, any paid public office. No more than three members of the /council/ board shall be drawn from the same political party. One of the five board members shall be a full-time state employee with permanent tenure under the merit system.
- (2) The governor shall annually designate one of the five /council/ board members to serve as chairman.

/(i)/ (h) The /council/ board members may be removed only only for cause.

/(j)/ (i) Each /council/ board member shall receive \$25.00 for official meetings attended by him and reimbursement for his official travel expenses.

/(k)/ (j) The duties and responsibilities of the merit system /council/ board shall be to serve as quasi-judicial authority for the merit system, receiving and disposing of certain requests by agency heads, handling appeals on matters pertaining to examinations and registers, violations of personnel rules, including unjust discrimination, disciplinary actions and reductions in force, and to preserve, protect and promote the standard of merit in state personnel administration by conducting investigations, counseling the state director of personnel and governor, and making timely reports to the public and state legislature.

### SECTION 3. RULES TO BE PROMULGATED - NOTICE AND HEARING - APPLICABILITY TO GRANT-IN-AID AGENCIES.

(a) Rules and regulations for personnel administration shall be promulgated by the state director of personnel and the merit system director in consultation with the merit system /council/ board and shall be countersigned by the governor. In preparing said rules and any subsequent amendments thereto, the director shall give due public notice at least two weeks in advance of promulgation, and shall hold a public hearing at which interested parties may express their views. In all requests for reclassification from schedule B to schedule A of section 5 of this act, justification for such reclassification shall be required by the agency head requesting reclassification.

(b) The present merit system program shall remain in effect for the grant-in-aid agencies until rules and regulations established under this act are determined to be in conformance with federal laws and regulations.

### SECTION 4. DIVISION OF RESPONSIBILITIES BETWEEN STATE OFFICES AND PERSONNEL OFFICE.

(a) For purposes of this chapter, agency head shall mean elected officials, political executives appointed by the governor and confirmed by the senate, and immediate subordinate heads of departments under such appointed executives.

/(a)/ (b) The division of responsibilities for the personnel program shall be as follows:

- (1) The line agencies (i.e., departments, sections, and offices of state government) shall have prime responsibility for (a) selection of certified employees for appointment and promotion in compliance with state personnel rules; (b) initial writing of job descriptions and proposal of grade allocations, subject to approval by the state personnel office; (c) performance rating of employees; (d) training; and (e) disciplining of employees.
- (2) The state personnel office shall have prime responsibility for (a) developing job classification standards and establishing grade allocations proposed by the line

agencies; (b) conducting wage studies; (c) reviewing appointment; and (d) referring to the merit system board requests for approval of line agencies for reclassification of employees from schedule B to schedule A of Section 5 (B) of this act. ~~/(d)/~~ (e) developing a standard code for disciplinary action; ~~/(e)/~~ (f) preparing examinations (in consultation with the line agencies), scoring and determining the reliability of examinations; ~~/(f)/~~ (g) maintaining registers of eligible applicants and certifying names therefrom guaranteeing to the merit employees the right to take examinations and to transfer for promotions in all agencies and departments of state government; ~~/(g)/~~ (h) proposing needed policy changes for the governor's approval; and ~~/(h)/~~ (i) maintaining central personnel records.

- (3) The state personnel office and line agencies shall have shared responsibility for (a) recruiting qualified personnel; (b) validating examination for original appointments and promotions; (c) developing a performance rating system for the appraisal, at least annually of all employees in the classified service; (d) conducting statewide training programs; and (e) conducting continuous research on methods for improving personnel management at all levels of state government.

- (4) The state personnel office shall see that the performance rating system is validated and periodically revised and provide regular training for supervisors in the use of the performance rating system. Such performance ratings may be used by line agencies of state governments in determining salary increases, promotions, disciplinary actions, ascertaining training needs, and validating selection devices, among other uses. Employers aggrieved by their ratings may appeal one level above their immediate supervisor for review.

- (5) Departments shall prepare and, with the approval of the state personnel office, announced agency promotion plans designed to build a statewide career service and to foster employee development.

Provision shall be made for appropriate use of performance ratings, promotion examinations, and other evaluative devices. In addition, the state personnel office shall maintain a skills roster of all permanent state employees to provide agencies with ready access to qualified people already in state government. Before any vacancies paying more than \$5,000 per annum are filled, line agencies shall consult the skills roster and notify all state employees with the requisite qualifications of the pending appointment, inviting them to apply.

SECTION 5. EXEMPTIONS FROM ACT - CIVIL SERVICE SCHEDULES -  
ASSIGNMENT TO AND CHANGE OF SCHEDULE - APPEAL  
TO MERIT SYSTEM /COUNCIL/ BOARD FINAL -  
DEFINITIONS.

(a) Except as otherwise provided by law or by rules and regulations promulgated hereunder for federally-aided programs, the following positions shall be exempt from the merit provisions of this act:

- (1) The governor, members of the Utah state legislature, and all other state officers elected by popular vote at officially designated elections held within the state and its political subdivisions.
- (2) Persons appointed to fill vacancies in elective positions, employees of the state legislature, members of boards and commissions, and heads of departments appointed by the governor, state and local officials serving ex officio, and members of state and local boards and councils appointed by /the/ any governing bodies of the departments.
- (3) All employees and officers in the office, and at the residence of the governor.
- (4) Those employees who make final policy decisions, including all heads of departments, agencies and major offices/:// equivalent, but not subordinate, to departments; / those heads of subordinate units whose duties have a direct and substantial effect on the public relations of state administration generally; those employees whose regular duties include public advocacy and defense of administration policy;/ and those in a personal and confidential



relationship to elected officials and to /heads of departments, agencies, / agency heads and other major offices. All positions so designated as being exempt shall be listed in the rules and regulations promulgated under this act by the job title and department or agency and any change in such exempt status made pursuant to section 5 (B) of this act, shall constitute an amendment to said rules and regulations.

- /(5) Unskilled employees in positions requiring little or no specialized skill or training. A roster of all such positions showing job title, number of positions and department or agency shall be maintained by the director of personnel on a current basis and said roster shall be available for public review. /
- /(6)/ (5) Part-time professional non-career persons, who are paid for any form of medical and other professional service, and who are not engaged in the performance of administrative duties.
- /(7)/ (6) Officers and members of the teaching staffs of state universities and other state institutions of higher education and all other employees of each such institution.
- /(8)/ (7) All members and employees of the judiciary of the state of Utah/ and the attorney general of the state of Utah, and his staff and district attorneys and their staffs. /
- /(9)/ (8) Teaching staffs of all state institutions, and patients and inmates employed in state institutions.
- /(10)/ (9) Persons employed in a professional or scientific capacity to make or conduct a temporary and special inquiry, investigation, or examination on behalf of the legislature or committee thereof or by authority of the governor or a department.
- /(11)/ (10) Non-career employees compensated for their services on a seasonal or contractual basis who are hired for limited periods of less than nine consecutive months, or who are employed on less

than a one-half time basis.

(b) The civil service shall consist of three schedules as follows:

- (1) Schedule A - The exempted schedule made pursuant to section 5 (a) of this act. Removal from any appointive position under Schedule A unless otherwise regulated by law, shall be at the pleasure of the appointing officers without regard to tenure.
- (2) Schedule B - The competitive schedule, consisting of all positions filled through competitive examination, written or unwritten and to which tenure shall apply following a probationary period, subject to the availability of funds and continued need for the position.
- (3) Schedule C - The noncompetitive schedule, consisting of all positions for which it is not feasible to administer competitive examinations at entry. Following satisfactory completion of at least a one year probationary period, employees under this schedule shall receive tenure.

(c) The state director of personnel, after consultation with the heads of concerned departments and agencies, / concerned agency heads and with the approval of the governor shall allocate positions to the appropriate schedules pursuant to the provisions of this section for all agencies, including new agencies, created by law and agencies reorganized by executive order. / Employees shall have a right to appeal to the state director of personnel regarding any reallocations of their positions and a further appeal to the merit council, and its decision shall be final, with no right of further appeal to the courts. / All such allocations shall be approved by the merit council board, subject to provisions of Section 5 (A) of this act.

(d) Request to change the schedule assignment and tenure rights of any position shall be made by an agency head to the state director of personnel/, whose decision shall be final, subject only to governor review in cases of denial of the line agency's request by the state director of personnel. Aggrieved employees shall have a right of appeal to the merit council and its decision shall be final with no right of further appeal to the courts/. The director of personnel should make a preliminary finding as to the disposition of the allocation request. Subject to final approval by the merit council.

board. The merit council board shall be governed by Section 5 (a) of this act in approving such requests.

(e) The term "merit system" shall refer to positions under schedules B and C.

(f) The term "classified civil service" shall refer to all positions (merit or exempt) in the executive departments below the level of department/ or agency/ head (excluding institutions of higher learning and part-time consultants).

#### SECTION 6. TENURE RULES FOR PRESENT PERSONNEL.

(a) All employees, officers and other personnel not otherwise exempt by law, who prior to the effective date of this act have served continuously for a period of one year or more, and either who have been certified under existing merit system rules and regulations or who are certified in writing 90 days after the effective date of this act by the appointing officer under whom they serve to be serving satisfactorily, shall be deemed to have tenure under the merit system. Nothing herein contained shall preclude positions held by any incumbent from being reclassified or reallocated or preclude the establishment of additional classes or the division, combination, alteration or abolition of existing classes, pursuant to this act and appropriate regulations.

(b) Persons with one year or more of service, not so certified may (1) be separated; or (2) be placed on probation for a six-month period commencing with the effective date of this act with the rights of probationary employees; or (3) be given provisional status pending the establishment of an adequate register for their respective positions.

(c) An employee who has had less than one year of service on the effective date of this act may be discharged: but if retained, shall be required to satisfactorily complete a probationary period of one year from the date of his appointment in order to be retained in state service.

#### SECTION 7. REAPPOINTMENT PROCEDURES.

(a) Any employee accepting an appointment to an exempt position after the effective date of this act who is not retained by the administrative officer, unless discharged for cause as provided by this act or the regulations, shall:

- (1) Be appointed to any position for which the employee qualifies in a pay grade comparable to his last position under the merit system, provided an opening exists, or
- (2) Be appointed to any lesser position for which the employee qualifies pending the opening of a position described in (1) of this section. The state director of personnel shall maintain a reappointment register for this purpose and it shall have precedence over other registers.

#### SECTION 8. SUPERVISORY POWERS OF STATE DIRECTOR OF PERSONNEL.

(a) The state director of personnel may examine payrolls at any time to determine conformity with this act and the regulations.

(b) No new employee shall be hired in a position covered by this act, and no employee shall be changed in pay, title or status, nor shall any employee be paid, unless he is certified by the state director of personnel as being eligible under this act and the merit systems regulations.

#### SECTION 9. USE OF FACILITIES AND FUNDS TO BE PROVIDED.

(a) All officers and employees of the state and of municipalities and political subdivisions of the state shall allow the state personnel office the reasonable use of public buildings under their control, and furnish heat, light and furniture, for any examination, hearing or investigation authorized by this law. The state personnel office shall pay a municipality or political subdivision the reasonable cost of any such facilities furnished by it.

(b) All state units shall provide in their appropriation requests, funds to carry out the provisions of this act. These funds shall be paid to the state personnel departments on an assessment basis to be determined by the governor /and director of finance/.

SECTION 10. EXAMINATION - CLASSIFICATION OF APPLICANTS -  
PROBATIONARY STATUS - TENURE.

(a) Appointments to positions under Schedule B shall be made from registers of applicants who have passed competitive examinations, written, or /oral/ written and oral or assembled /or/ and unassembled, or performance tests /, or combination of these/.

(b) Examinations shall be publicly announced for at least /two/ four weeks prior to the scheduled date in a manner designed to attract an optimum number of qualified applicants.

(c) The state director of personnel shall study the validation and improvement of his examining instruments, consulting with line officials and outside experts toward this end.

(d) When a department requests certification of applicants who have passed the tests, all persons /having exactly the same final grade as the person certified and available who has the third highest score shall be certified/ having the three highest whole scores on the examination (the "rule of three scores") shall be certified to the requesting department, and be given consideration for appointment /The same as if they were in the highest three names available/.

(e) /Only/ Where additional pre-appointment investigation by /line officials/ an agency head reveals gross deficiencies on the part of all names certified /may/ the /agency head request the/ state director of personnel /to have names lower on the register certified or request the establishment of a new register. The decision of the state director of personnel shall be final. / shall create a new register.

(f) Appointments to fill vacancies shall be made by the agency head from names submitted from appropriate registers for probationary periods to be defined by regulations established by the state director of personnel. A person serving a probationary period may be dismissed at any time by the appointing officer without hearing or appeal, except where discrimination is alleged. Tenure shall be granted merit system employees upon the successful completion of the probationary period.

SECTION 11. CLASSIFICATION OF POSITIONS - APPEALS TO MERIT  
/COUNCIL/ SYSTEM BOARD FINAL - PAY PLAN.

(a) All positions below department head in the executive branch of state government whose compensation is not fixed by law or voluntary shall be classified according to a uniform classification plan to be promulgated and kept current by the state director of personnel. Classification of positions shall reflect such factors as the difficulty of the duties to be performed; education, skills and training required; and supervisory responsibilities, among others.

(b) Appeals, in classification disputes, by any party adversely affected, shall be made to the agency head and then to the state director of personnel and finally to the merit /council/ system board and its decision shall not be subject to review by the courts.

(c) With the approval of the governor, /and director of finance/ the state director of personnel shall promulgate a graduated salary for all grades and positions in the classified civil service, as defined in subsection 11 (a); the pay plan shall be designed to achieve, in so far as funds will permit, equal pay for equal work and comparability of state salaries to wages and salaries paid by private enterprise for similar work.

(d) Pursuant to the rules set down by the state director of personnel, the pay plan may make provision for length of service, the quality of employee performance, prevailing labor market salary and wage scales, and special monetary incentives for distinguished service, cost-saving suggestions and other worthy acts of state employees.

SECTION 12. POLITICAL ACTIVITY OF PERSONNEL UNDER MERIT  
SYSTEM - RULES.

Except as otherwise provided by law or by rules and regulations promulgated hereunder for federally-aided programs, the following provision shall apply with regard to political activity of employees for all grades and positions in the merit system:

(a) The state director of personnel shall promulgate rules, subject to the approval of the /governor/ merit system board to provide for limitations upon the political activities of state officers or employees covered by the merit system. These rules shall be drafted and interpreted to protect the officer or employee from

political exploitation or abuse and to allow individual state officers and employees the broadest amount of personal political participation consistent with loyal service to their superiors in state government.

The rules shall incorporate, among others, the following provisions:

- /(1) No officer or employee covered by the merit system while in a pay status shall be a state or federal officer in any political party organization or in any state-wide political campaign. Such officer or employee may be an officer or a delegate in a political party organization at a county or inferior level or a delegate at a state or national level. /
- (1) No person shall be denied the opportunity to become an applicant for a position under the merit system in any covered department by virtue of political opinion or affiliation if the applicant is successfully examined and is certified as eligible for appointment.
- /(2) No officer or employee covered by the merit system shall be a candidate for any political office, provided that upon proper application, an officer or employee may be granted leave of absence, without loss of existing seniority or tenure to participate in a political campaign, either as an officer or as a candidate; however, time spent during such political leave shall not be counted for seniority purposes as being in service. /
- (2) No person employed by the state of Utah under the merit system may be dismissed from service as a result of political opinion or affiliation.
- /(3) No officer or employee covered by the merit system may engage in any political activity during the hours of employment, nor shall any person solicit political contributions from employees of the executive branch during hours of employment or through state facilities or in any manner impose assessments on state employees for political purposes; but nothing in this section shall preclude voluntary contributions by a state employee to the party of his choice. /

- (3) No officer or employee covered by the merit system shall be an officer in or otherwise take any active part in the management of any political party or club or in the management of any political campaign. No officer or employee covered by the merit system may engage in any political activity during the hours of employment. All such persons shall retain the right to vote, to freely express their opinions on political issues and candidates, to contribute funds to political groups and candidates, and to attend public political gatherings. The intent of this provision is to allow the individual to exercise his rights or political expression to the fullest extent possible without jeopardizing the public programs for which he is responsible or being disloyal to the elected officer to whom he is directly responsible.
- /(4) Partisan political activity shall not be a basis for employment, promotion, demotion or dismissal, except that the state director of personnel shall promulgate rules subject to the approval of the governor providing for the discipline or punishment of a state officer or employee who violates any provision of this section. /

(b) Nothing contained herein shall be construed to permit partisan political activity of any state employee who is prevented or restricted from engaging in such political activity by the provisions of the federal Hatch Act.

SECTION 13. DISMISSALS - PROCEDURE IN DISMISSAL FOR CAUSE - APPEAL TO MERIT SYSTEM /COUNCIL/ BOARD - FINAL PROCEDURE IN DISMISSAL BECAUSE OF REDUCTION OF WORK FORCE.

(a) Dismissals from positions under the merit system shall only be to advance the good of the public service, where funds have expired or work no longer exists, or for such causes as inefficiency, insubordination, disloyalty to the orders of a superior, misfeasance, malfeasance, or nonfeasance in office. There shall be no dismissal for reasons of race, national origin, religion or political affiliation from the merit system.



(b) In any appeal from a charge of inefficiency, where the charge is supported by credible evidence, which shall include where available a written unfavorable performance report, or reports, there shall be a rebuttable presumption in favor of the administrative officer, with the burden of proof resting upon the employee bringing the appeal.

(c) Except in aggravated cases of misconduct, no person shall be demoted or dismissed from a tenured position without the following procedures:

- (1) Notification in writing by the department head of the reasons for discharge.
- (2) The employee shall have an opportunity to reply and have his reply considered by his department head.
- (3) An opportunity to be heard by his department head or designated representative.
- (4) Following such a hearing an employee may be dismissed /or demoted/, suspended, or demoted, if the department head finds adequate cause or reason. On a dismissal the employee has the right of appeal to the merit system board within thirty (30) days of dismissal.
- (5) If the department head finds that retention of any employee would endanger the peace and safety of others or pose a grave threat to the public interest, such employee may be summarily suspended pending administrative hearings and merit system /council/ board review.

(d) An employee who is aggrieved by a decision of his department head may appeal the decision to the merit system /council/ board which shall set a time and date for hearing of the appeal, and the employee shall have a right to appear in person or by counsel. The decision of the merit system /council/ board shall be final and there shall be no access to the courts.

/(e) Disciplinary actions shall be supported by credible evidence, but the normal rules of evidence in courts of law shall not apply in hearings before the department head or merit system council./

(e) The normal rules of evidence prevailing in courts of law shall not apply in hearings before department heads or merit system board involving disciplinary actions. However, any final decision shall be supported by substantial credible evidence, guaranteeing to the employee the opportunity to be heard and confronted by all upon whose testimony the action is based. There shall be a written record of such appeal proceedings.

(f) Reductions in force required by inadequate funds, change of workload, or lack of work shall be governed by retention rosters to be established by the state director of personnel. Under such circumstances:

- (1) The department head shall designate the category of the work to be eliminated, subject to review by the state director of personnel.
- (2) Temporary or probationary workers shall be separated before any tenured employee.
- (3) Retention points for each tenured employee shall be computed, allowing 50% weight for his proficiency and 50% weight for his seniority in state government, including any military service fulfilled subsequent to original state appointment. Tenured employees shall be separated in the order of their retention points, the employee with the lowest points to be discharged first.
- (4) Tenured employees who are separated in reductions in force shall be placed on the reappointment register (provided for in Section 7 (a) (2) above and shall be reappointed without examination to the vacancies for which they are qualified which occur within one year of the date of their separation.

#### SECTION 14. SEVERABILITY CLAUSE - CONFLICT WITH FEDERAL REGULATIONS.

(a) If any provision of this law or of any regulation or order thereunder or the application of such provision to any person or circumstances shall be held invalid, the remainder of this law and the application of such provision of this law or of such regulation or order to persons or circumstances other than those to which it is held invalid shall still be regarded as having the force and effect of law.

(b) If any part of this act is found to be in conflict with federal requirements which are a condition precedent to the allocation of federal funds to the state, the conflicting part of this act is hereby declared to be inoperative solely to the extent of the conflict and with the respect to the agencies directly affected, and such findings shall not affect the operation of the remainder of this act in its application to the agencies concerned.

(c) Notwithstanding any provisions in this law to the contrary, no regulation shall be adopted which would deprive the state of Utah or any of its departments or institutions of federal grants or other forms of financial assistance, and the rules and regulations promulgated hereunder shall include standards, provisions, terms and conditions for personnel engaged in the administration of federally aided programs, which shall, in all respects, comply with the necessary requirements for qualified merit system under the standards applicable to personnel engaged in the administration of federally aided programs, including but not limited to the following federal laws:

Social security act, Title I (old-age assistance and medical assistance for the aged), III (unemployment compensation), IV (aid and services to needy families with children), V (maternal and child welfare), X (aid to the blind), XIV (aid to the permanently and totally disabled), and XVI (aid to the aged, blind, or disabled, or for such aid and medical assistance to the aged); the public health service act, including the hospital survey and construction act; the Wagner-Peyser act, as amended; the federal civil defense act, as amended; the economic opportunity act of 1964; and the federal interstate highway act.

#### SECTION 15. SECTIONS AMENDED.

(a) Section 2. (a) Chapter 11 of Title 27, Utah Code Annotated of 1963, enacted as Chapter 118 of the Laws of Utah, 1945, is repealed.

(b) The Utah Highway Patrol Civil Service Commission is abolished, and its functions transferred to the state director of personnel and the merit system board, for administration in accordance with 67-13-2 through 15, as amended.

(c) All other provisions of law, inconsistent with the provisions of this act are, hereby, repealed.