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GOVERNMENT REORGANIZATION FOR ECONOMY AND EFFICIENCY: THE IMPACT OF GOVERNMENT REORGANIZATION ON PUBLIC POLICY

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GOVERNMENT REORGANIZATION FOR ECONOMY AND EFFICIENCY: THE IMPACT OF GOVERNMENT REORGANIZATION ON PUBLIC POLICY

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GOVERNMENT REORGANIZATION FOR ECONOMY AND EFFICIENCY: THE IMPACT OF GOVERNMENT REORGANIZATION ON PUBLIC POLICY

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GOVERNMENT REORGANIZATION FOR ECONOMY AND EFFICIENCY: THE IMPACT OF GOVERNMENT REORGANIZATION ON PUBLIC POLICY

CHAPTER I

THE HISTORICAL CONTEXT OF GOVERNMENT REORGANIZATION

Introduction

The role of government in the United States has increased at a dramatic rate in the twentieth century. One result of this expansion of government has been a marked increase in both the importance and size of the administrative establishment.[1] The bureaucracy has been charged with the responsibility for the execution of policy and, in many instances, with both the formulation and interpretation of public policy.

This increased level of activity, size, and cost of government has been accompanied, especially in the recent past, with a sense of public concern over the activities of the government bureaucracy. It has been observed that ". . . governmental bureaucracies tend to be all things bad to all people" (Brown, 1977: 163-70). In an attempt to improve the public image of government, eliminate waste, and increase efficiency, many reformers and elected officials have advocated government reorganization as an appropriate remedy. It is the purpose of this research to evaluate the efficacy of structural reorganization of government.

A basic belief of advocates of government reorganization is that structure influences policy and performance (Shaffer and Weber, 1974). This conviction that structure is related to performance is reflected in the statement by Casper Weinberger (1978: 105-09), former Secretary of the Department of Health, Education, and Welfare: "Good organization cannot assure good programmatic results, but bad organization can prevent government from acting." According to Mr. Weinberger, good organization is achieved through the application of private business organization principles to government structure.[2] This link between structure and performance has been accepted by President Carter. In the words of Bert Lance, former director of the Office of Management and Budget (Fain, 1977: ix):

> Over the last several years, national pollsters have documented a public conviction that government is cumbersome, ineffective, and remote. Reform and reorganization of the way the federal government related to the American people became a central part of the President's Carter mandate from the electorate.

That proponents of reorganization are motivated by a desire to increase the economy and efficiency of government was observed as early as 1939 (Meriam and Schmeckebeir). This motivation has been manifested in two basic objectives of reformers. The first focused on increasing the economy of government through an actual reduction in the level of expenditures. The second defined economy as an increase in the level of operating efficiency within government. Reorganization is seen as one technique for controlling the increasing costs of government.

While economy and efficiency have provided motivation for reorganization, other forces and concerns have also served as a stimulus. These include the basic values of accountability and responsiveness (Council of State Governments, 1950). Deil Wright (1967: 1-26) surveyed 933 department and agency heads from all fifty states and found that:

> The structural insulation of portions of state government under boards and commissions has produced a demonstrably "independent" attitude among state administrators. These inclinations toward independence pose a major challenge to the firmly held tenet of a politically responsive bureaucracy.

Structural insulation is possible due to the pattern of growth of the administrative branch of government. As the functions of government increased, the legislative branch, at both the national and state levels, began to create boards, commissions and agencies which were placed in the executive branch with minimal concern for an integrated organizational structure (Buck, 1950). The result was structural fragmentation of the executive branch. Reform groups such as the Committee for Economic Development (1967: 49) view fragmentation as a threat to effective government:

> Structural fragmentation amounts to chaos, department independence bordering on anarchy, and the absence of suitable tools for planning, personnel management, financial control and renders effective administration almost impossible.

Consolidation became the cure for fragmentation. Reorganization through consolidation became the pathway to "better and more economical government" (Buck, 1950: 14). The concern with administrative reform is not unique to either the state or national level. The expanding role of government at both levels stimulated the search for an improved administrative establishment (Riggs, 1961).

Reorganization at the Federal Level

Reorganization has not been a term with a single, universally accepted meaning. It was often simply a "blanket" term which was applied to changes that were not strictly structural in nature (Meriam and Schmeckebier, 1939). The reorganization reform movement developed in the years following the Civil War (Pemberton, 1979). During this period, the Congress created new executive branch agencies in response to the changing conditions as the nation industrialized. The result was uncoordinated growth of the federal bureaucracy.

The earliest proposals for reorganization originated in the Congress and not from the President. The statement "Put business into government" often reflected the attitude within the Congress (Polenberg, 1960; Pemberton, 1979). Congressional concern with administrative procedures and organization can be traced as far back as the Fifth Congress with an investigation of administrative procedures which was conducted at the beginning of the nineteenth century. Major efforts by the Congress did not surface until the period 1893-1895 when the Dockery-Cockrell Commission was created to examine departmental organization (Emmerich, 1950; Pemberton, 1979).

With the administration of President Theodore Roosevelt, reorganization efforts shifted from the Congress to the White House. This can be attributed to the fact that

> The practice of management of the executive branch by the President started with Washington but a general theory of presidential administration did not emerge until the Twentieth Century (Emmerich, 1971: 29).

In 1905, President Roosevelt appointed Charles H. Keep, the Assistant Secretary of Treasury, to head the Committee on Department Methods. Popularly known as the Keep Commission, it reported that reorganization would have to be a continuous process if positive results were to be achieved (Emmerich, 1971).

President William H. Taft created his own Commission on Economy and Efficiency in 1910. The commission included as members W. F. Willoughby and Frank J. Goodnow, political scientists with expertise in the field of public administration. The commission delivered its report to the Congress in 1912 and also recommended that reorganization be approached as a continuing process. While no action was taken by Congress, the activities of the commission did stimulate several states to create similar commissions to investigate their own administrative organization (Buck, 1950; Riggs, 1961; Pemberton, 1979).

With entry of the United States into World War I, the need for flexibility in management by the President became essential to the war effort. The result was the passage on May 20, 1918 of the Overman Act, which granted the President limited reorganization powers during times of war. President Wilson utilized these new powers to consolidate government programs and to create new agencies to manage the war effort (Emmerich, 1971; Pemberton, 1979).

Concern with reorganization continued during the years following the First World War. In 1923, Congress created the Joint Committee on Reorganization of Government Departments. In this cooperative effort between the Congress and the White House, President Warren Harding appointed the committee chairman. The committee focused on consolidation and the application of principles of administration. A primary concern was one of reducing the number of individuals reporting directly to the President. The committee accepted the principles of hierarchical organization (Fain, 1977; Emmerich, 1950). Congress did give President Hoover the authority to reorganize the executive branch in 1932. Congress also refused to approve any of the plans for reorganization submitted by President Hoover (Pemberton, 1979).

The movement for reorganization gained momentum during the presidency of Franklin Roosevelt. In 1937, the

President's Committee on Administrative Management, under the chairmanship of Louis Brownlow, was established. The Brownlow Commission produced reorganization efforts by the President and stimulated reorganization at the state level. President Roosevelt was unsuccessful in gaining congressional approval of his plan for reorganization in 1937.[3] This failure was due, in part, to his proposal to expand the membership of the United States Supreme Court as part of his reorganization efforts (Pemberton, 1979). In 1939, President Roosevelt was successful in gaining approval of a new reorganization plan, which created the Executive Office of the President. This new office was a direct outgrowth of the report by the Brownlow Commission and embraced the concept of increased presidential management authority.

Roosevelt moved to restructure government under the authority granted by the Reorganization Act of 1939, which empowered the President to "reduce, co-ordinate, consolidate and reorganize" the executive branch of government (Henderson, 1975: 105). Congress approved all five of the reorganization plans submitted by President Roosevelt during 1939-1940. With the entry of the United States into World War Two, the President was again impowered to reorganize the executive branch with the passage of the War Powers Act in 1941 (Johnson, 1953). President Roosevelt's power to reorganize government had increased as a result of the economic problems of the Great Depression and of the outbreak of the Second World War.

The Hoover Commission

In 1947 the Republican Party anticipated victory in the 1948 general elections. With the prospect of Republican control of both the White House and Congress, Representative Clarence Brown (R-Ohio) and Senator Henry Cabot Lodge (R-Mass.) introduced identical bills in January, 1947 designed to create a commission to study the administrative structure of government (Emmerich, 1971; Pemberton, 1979). It was hoped that the commission report would support the anticipated dismantling of various "New Deal" programs and agencies.

The First Hoover Commission was created in 1947 and issued its report in 1949 (Hoover, 1949).[4] The Commission was assigned the task of integrating the federal structure which had expanded under Franklin Roosevelt. It was also expected that the Commission would provide a basis for defining and limiting the executive branch (Emmerich, 1950). A basic concern of the Commission involved the centralization of policy making responsibility. The Commission examined approaches which would increase the managerial powers of agency heads. At the same time it also demonstrated a "strong attachment to the principles of decentralization of operations with standards and supervision centrally supplied" (Emmerich, 1950: 107).

The final report did call for the reorganization of the executive branch of government. Among the recommendations were:

1. The creation of an orderly grouping of government functions into major departments under the President.

2. Establishment of clear lines of control from the President to the departments.

3. Permit departments and agencies the freedom to administer routine affairs while retaining supervision to insure conformity with standards. (Hoover, 1949: 7).

Even though the Hoover Commission was inspired by the Congress, its report advocated increased power for the chief executive (Johnson, 1953; Fain, 1977).

The Second Hoover Commission was created in 1953 and issued its report in 1955. It focused on what government should do, not on the structural organization of the executive branch (Emmerich, 1971). The Second Commission addressed the issues involved with the auditing of operating methods. It did not produce guidelines for the restructuring of government (Fain, 1977).

Recent Presidential Activity

Presidential interest in reorganization has remained relatively high since the formation of the Hoover Commission. Congress has been willing to grant reorganization authority to the White House with minimal reservations. The Reorganization Act of 1945 was passed under the Truman Administration. The President's power to initiate change was again granted with the passage of the 1949 reorganization act which was extended in 1957 and expired finally in 1959. Congress granted reorganization power to President Kennedy (1961-1963) and to Presidents Johnson and Nixon (1964-1973). Congress allowed the reorganization authority of the President to lapse in 1973 and did not restore it until 1977 under President Carter (Henderson, 1975; Nigro, 1980).

President Kennedy demonstrated his interest in reorganization with the creation of a Reorganization Study Group headed by Don Price which issued its report in 1964 after the President's assassination. The Group did recommend the creation of five new departments,[5] but no action was taken (Fain, 1972).

Reorganization efforts continued under President Lyndon Johnson with the creation of the Department of Housing and Urban Development in 1965 and the Department of Transportation in 1966. The President created another task force charged with examining potential organizational changes. Their report was issued in 1967 and proposed consolidation of the Commerce and Labor Departments into a single Department of Business and Labor (Miles, 1977; Fain, 1977). After President Johnson failed to obtain congressional approval for the merger in 1967, his administration made no further attempts at consolidation.

President Richard Nixon also manifested an interest in government reorganization. The President's Advisory Council on Executive Organization was created in April of 1969 and chaired by Roy L. Ash of Litton Industries (Fain, 1977). The intensity of President Nixon's belief in reorganization is reflected in his 1971 State of the Union Address. One of the six goals announced involved a complete reform of the federal government itself.[6] In the words of the President:

> Based on a long intensive study with the aid of the best advice obtainable, I have concluded that a sweeping reorganization of the Executive Branch is needed if government is to keep up with the times and with the needs of the people. (House Document 92-L, January 22, 1977)

The proposed reorganization, based on the findings of the Ash Council, would have kept four departments: State, Treasury, Defense, and Justice. Seven would have been abolished: Agriculture,[7] Interior, Commerce, Transportation, Labor, Health, Education and Welfare, and Housing and Urban Development. Their functions would have been assumed by four new departments: Human Resources, Community Development, Natural Resources, and Economic Affairs (Fain, 1977). These proposals involved major organizational changes and were consistent with the President's conviction that only comprehensive reform would restore the public's confidence in government.

These proposals involved reorganization along functional lines with consolidation as the primary tool. This commitment to consolidation is reflected in the President's statement:

> Nine different Federal departments and twenty independent agencies are involved in education matters. Seven departments and eight independent agencies in health. . . . While we cannot eliminate all of this diffusion we can do a great deal to bring similar functions under common commands. (House Document No. 92-75, March 25, 1971)

The reorganization of government by consolidation along functional lines was designed to deliver benefits such as: the restoration of public confidence in government, an increase in the responsiveness of government, the ability to transcend special interest groups, and monetary savings. Roy Ash commented at the National Press Club on February 10, 1971 that reorganization would result in an estimated $5 billion annual savings due to an increase in the level of management efficiency (Fain, 1977: 20).

Congress held hearings on the proposed reorganization plan. No legislation was passed allowing the President to implement his plans. The President did not submit new proposals after Congress refused to act on his initial package.[8] As the Watergate affair unfolded, Congress became concerned with the potential for presidential abuse of power. As a result, Congress allowed the reorganization powers of the President to expire on April 1, 1973.

Reorganization under President Carter

Jimmy Carter announced his plans to reorganize the executive branch of government during the 1976 presidential campaign. His acceptance speech at the Democratic national convention in July, 1976 reflected this concern with changing the structure of the federal government.

> As governor [of Georgia], I had to deal each day with the complicated and confused and overlapping and wasteful federal government bureaucracy. As President, I want you to help me evolve an efficient, economical, purposeful and manageable government for our nation. Now I recognize the difficulty, but if I'm elected, it's going to be done, and you can depend on it. (Congressional Quarterly, 1977: 39)

During the campaign Governor Carter avoided specific details when questioned about his reorganization plans but did state that the approximately 1,900 federal departments and agencies could be reduced to 200. After his election, the President affirmed his intention "to improve the efficiency and effectiveness" of the federal bureaucracy through organization streamlining (Presidential Documents, 1977: 493-94). On March 31, 1977, Congress gave President Carter the authority to begin reorganization of the bureaucracy.

The President decided to move slowly and deliberately in his move to initiate change. The decision was made to create the President's Reorganization Project (PRP) within the Office of Management and Budget, with both political appointees and career civil servants assigned to the project. Prospective reorganization efforts were divided into five functional areas: defense and international affairs, human resources, economic and community development, natural resources, and general government (Dempsey, 1979). Such careful planning and analysis is, in the words of former Secretary of Health, Education, and Welfare, an indication that "the Carter Administration's emphasis on reorganization is not simply managerial fascination with box shifting and linedrawing on an organizational chart" (Fain, 1977: ix).

Three major elements comprise President Carter's approach to reorganization. These are: agency reorganization, civil service reform, and the adoption of zero-based budgeting (Watson, 1978). Zero-based budgeting was adopted as a management tool for the identification of programs and agencies that are appropriate candidates for either consolidation or elimination. ZBB and reorganization are the key instruments for improving the quality of government. Civil service reform is intended to allow the President increased flexibility in the management of government (Campbell, 1978).

The first five reorganization plans submitted by President Carter were approved by Congress, yet very little substantive reorganization has taken place. The five plans have reorganized the Executive Office of the President, combined the Information Agency with State Department's Bureau of Education and Cultural Affairs, consolidated "equal employment" activities in the Equal Employment Opportunity Commission, created the Federal Emergency Management Agency, and reformed the civil service system (Dempsey, 1979). The major accomplishments of the Carter Administration have been in the creation of the Department of Energy, the Department of Education, and the enactment of the 1978 Civil Service Reform Act.

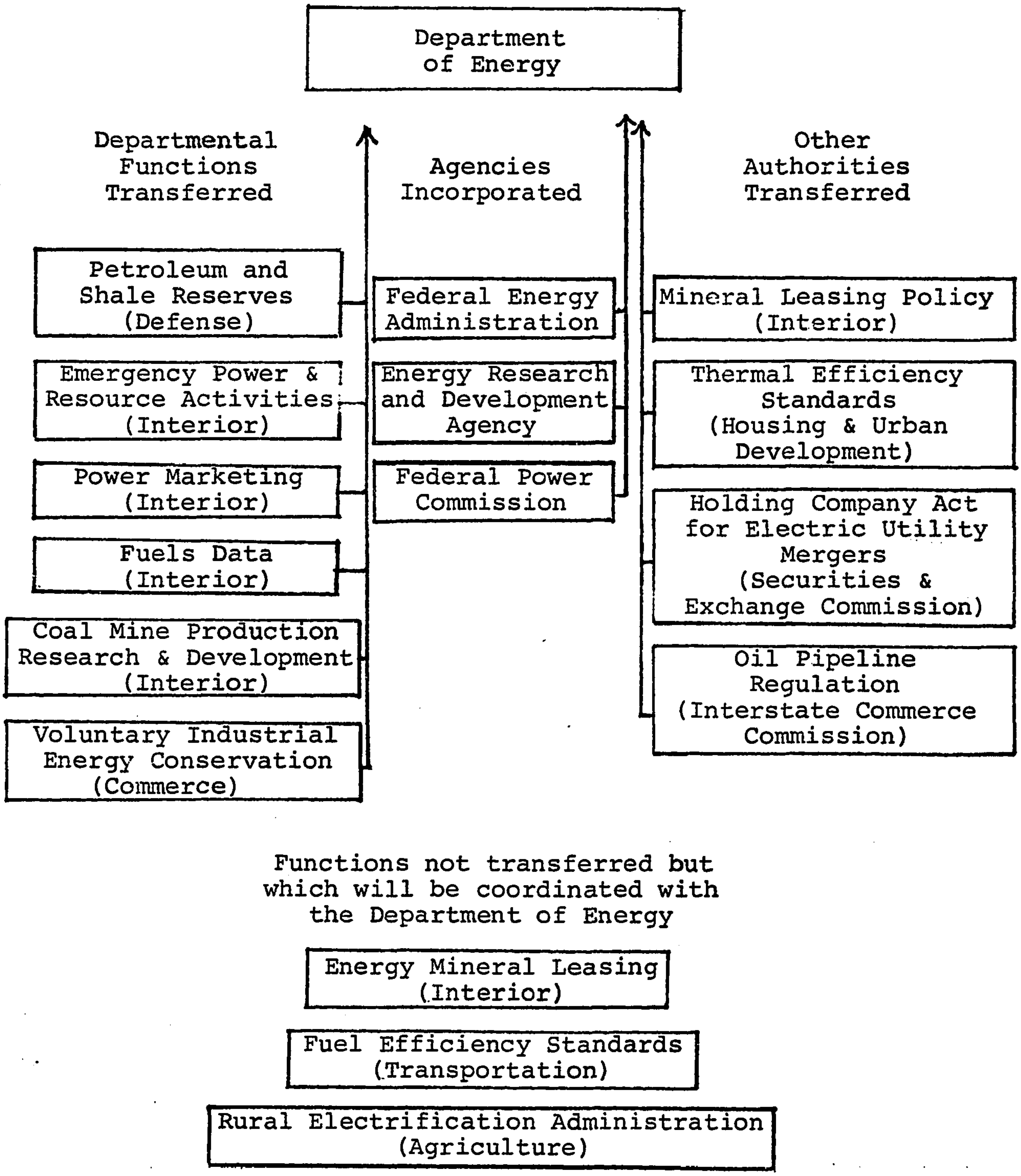
Concern with creating a single department with responsibility for managing the nation's energy requirements can be traced to the Nixon Administration. While consolidation was not achieved by President Nixon, Congress did create new agencies to deal with the energy problem. The Atomic Energy Commission (AEC) was split into two new agencies: the Nuclear Regulatory Commission (NRC) and the Energy Research and Development Administration (ERDA). The energy bureaucracy was proliferating without a mechanism for coordination.

President Carter presented a plan for reorganizing the federal energy bureaucracy on March 1, 1977. In his words: "Nowhere is the need greater for reorganizing and consolidation than in energy policy." (Congressional Quarterly, 1977: 22) The President's choices could be categorized into three basic options (Fain, 1977: 633). The first option favored high decentralization with an orientation to the status quo. Such an option would have extended the power of the Federal Energy Administration (FEA) but would have maintained the fragmented structure of numerous independent agencies. The second option favored moderate centralization with the creation of an expanded national energy organization. The expanded agency would serve as a coordinator for the various independent agencies but would wield very little power. The third option favored major consolidation through the creation of a new Department of Energy. The secretary of the new department would exercise control over the agencies incorporated into the organization. President Carter selected the third option of establishing a centralized energy department.

The proposed cabinet level Department of Energy passed Congress and was signed into law on August 4, 1977 (PL 95-91). Figure 1-1 indicates the energy related agencies and functions that were consoliated into the new department. Fragmentation of responsibility for energy programs was reduced with the consolidation achieved. Ten areas of

Figure 1-1

Energy Agency Consolidation



SOURCE: Adapted from Congressional Quarterly (Fall, 1977: 23).

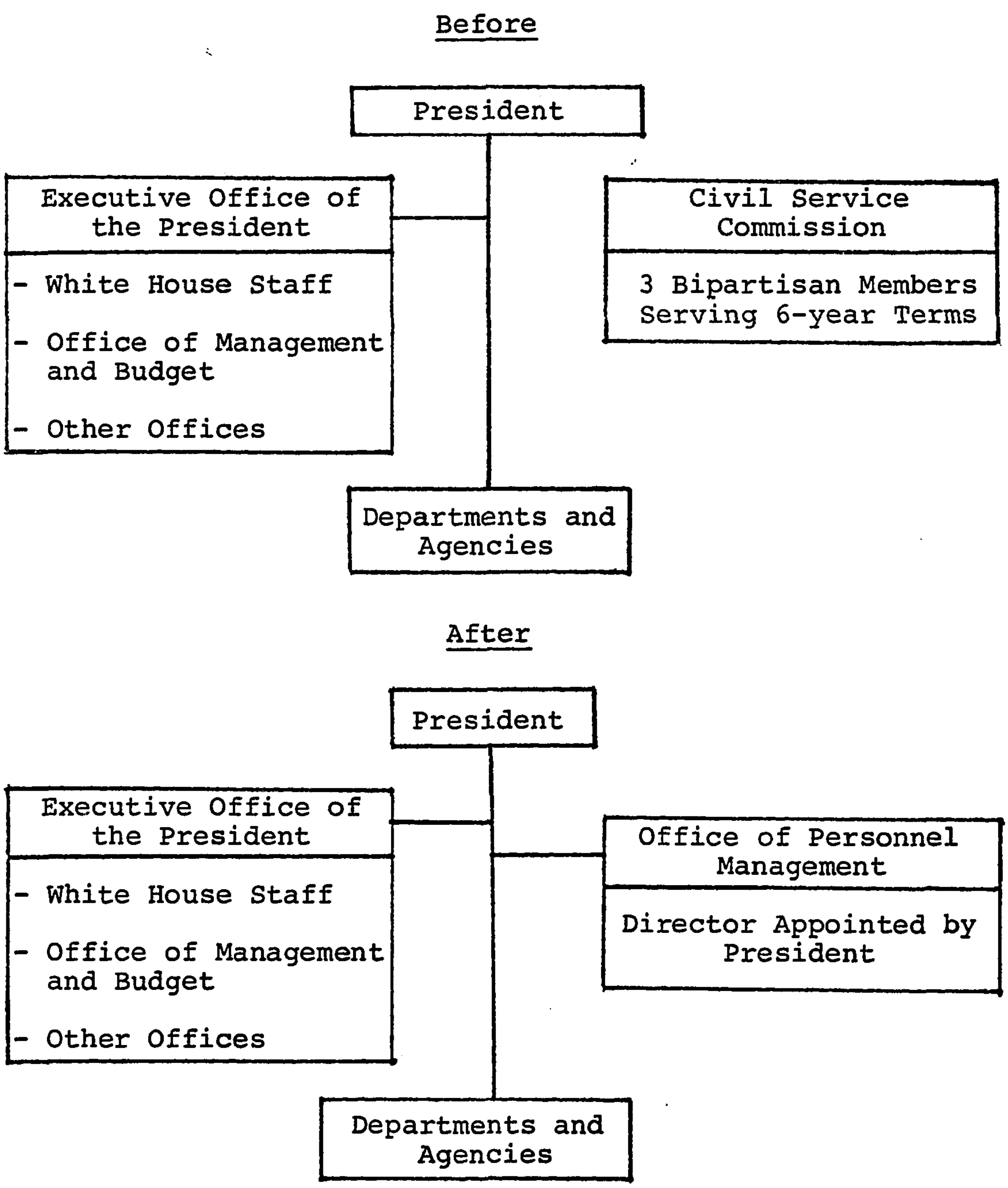
responsibility were assigned to the new department. These included: fuel supply and leasing procedures, research and development, environment, international energy policy, national security, intergovernmental relations, competition and consumer affairs, nuclear waste management, energy conservation, and power marketing (Thompson, 1979: 45). The new energy department was a product of the acceptance of functional consolidation as a technique for achieving increased levels of effectiveness.

A second major structural change achieved by President Carter involved the enactment of the Civil Service Reform Act of 1978. This act, which took effect on January 1, 1979, extensively reorganized the personnel function of the federal government. Under the provisions of this reform, the Civil Service Commission was abolished and its responsibilities divided between the Office of Personnel Management (OPM) and the Merit System Protection Board (MSPB). The act also created the Federal Labor Relations Authority (FLRA) with responsibility for monitoring labor-management policies within the federal government (Lee, 1979: 27-41). Figure 1-2 provides a graphic display of the change that resulted from the reform.

Prior to 1979, presidential control of the personnel function was indirect which hindered accountability and limited effective policy coordination (Newland, 1976). Under the new personnel system, presidential control was increased

Figure 1-2

Structural Change Produced by the Civil Service Reform Act of 1978



with the establishment of OPM as a management agency serving the President. The reform produced change extending beyond simple box manipulation on an organizational chart. The President acquired power to directly control personnel policy.

The third major structural reorganization of the Carter Administration involved creation of the Department of Education. Congress approved the necessary legislation on September 27, 1979. The original proposal would have consolidated a number of programs from various departments and agencies. The approved department consisted primarily of programs formerly housed in the Education Division of the department of Health, Education, and Welfare (Congressional Quarterly, 1979: 465).

Approximately 152 education related programs were consolidated under a single department. The only transfer of a major departmental program involved the reolocation of responsibility for overseas schools for military dependents from the Defense Department to the new Education Department. Congress placed limits on the number of employees for the new department in an attempt to prevent excessive growth. The Office of Management and Budget predicted that the consolidation of programs would result in a reduction of between 350 and 450 employees (Congressional Quarterly, 1979: 468). It is too early to evaluate the effects of this reorganization. The first Secretary of Education took the oath of office on December 6, 1979 with the new department scheduled to become operational in June, 1980.

This commitment to reorganization extended beyond the presidential level. Former Secretary of Health, Education, and Welfare Joseph A. Califano, Jr. embarked upon an extensive reorganization within HEW in 1977. Califano stated that the functional consolidation should produce an annual savings of $2 billion by 1981 (Congressional Quarterly, 1977: 446). Secretary Califano created three new agencies: Health Care and Financing Administration, Office of Human Development, and the Bureau of Student Financial Assistance. Program consolidation served to prevent an increase in the number of agencies and the number of employees. It would be difficult to evaluate the impact of this reorganization due to the 1980 division of HEW into the two new departments of Education, and Health and Human Services.

President Carter has also directed OMB to investigate the possibility of reorganizing the Departments of Housing and Urban Development (HUD) and Interior into two new departments. HUD would be strengthened and renamed the Department of Developmental Assistance (DDA). Interior would become the Department of Natural Resources (DNR). The proposals have encountered strong opposition, but OMB has estimated that the two new departments would save over $600 million annually through the elimination of administrative duplication and overlap (Congressional Quarterly, 1979: 34). These structural reforms reflect a deep commitment to functional consolidation as the most appropriate technique for organizing government.

The relatively slow pace of the Carter administration is consistent with its principles of reorganization as specified by Bert Lance (Fain, 1977: x-xii). The guiding principle involves taking a step-by-step to reorganization. Change is established in increments spread over four years (eight if the President serves a second term) which follow a comprehensive plan. This commitment to incrementalism is the result of the belief that single, sweeping reorganization plans are not effective in the American political system due to the necessity for compromise in the Congress.

Closely related to the step-by-step approach is the principle of priority planning. Reorganization efforts are directed toward carefully selected targets on a priority basis.[9]

Summary of Presidential Reorganization

Reorganization at the federal level has been essentially a continuing process. Internal and external pressures have fostered presidential leadership in restructuring government as changes occurred in the political, cultural, economic, and legal environment (Emmerich, 1950). Table 1-1 below presents the record of recent presidents and their attempts to implement reorganization plans. Reorganization efforts have ranged from small, minor consolidations to proposals for sweeping, major changes in the bureaucracy. Changes in the size, nature, or distribution of the functions of the executive branch have stimulated reorganization efforts (Arnold, 1974).

Table 1-1

Approval of Presidential Reorganization Plans

President*	Number Submitted	Number Approved
Truman	41	11
Eisenhower	17	3
Kennedy	10	4
Johnson	17	1
Nixon	8	8
Carter	5	5

*President Ford is not included due to the lapse of presidential reorganization authority in 1973.

SOURCE: Henderson (1975) and Mansfield (1969)

Four methods exist for reorganization of the federal government. The first is statutory, in which Congress enacts legislation to either create or abolish an agency or department. The second method involves presidential directives. Limited reorganization can be achieved with the issuance of an executive order by the President. The third method for reorganization involves the submission of reorganization plans by the President to Congress. Under the provisions of the various reorganization acts the plan would take effect unless either the House or Senate voted against the plan within sixty days of submission. This is an all or nothing approach. The fourth method involves the internal reorganization of departments under the direction of the department head. This approach allows the transfer and consolidation of programs and agencies in a limited fashion (Fain, 1977 and Arnold, 1974). All four methods have been employed in an attempt to streamline the federal bureaucracy.

Reorganization of State Government

State government evolved with a fragmented structure and weak management powers vested in the hands of the governor (National Municipal League, 1940). During the Colonial period, the governor, as the representative of the Crown, attempted to dominate government. After the Revolutionary War, state legislatures were granted preeminence in state constitutions due to the concern with potential abuse of power by the chief executive (Waldo, 1948). Governors were limited to short terms, denied responsibility for preparation of the budget, and given relatively few management powers.

Independent boards and commissions were created as the functions of government increased. These independent agencies were given considerable freedom of action and experienced few restrictions from the governor. These commissions were intended to minimize the effects of partisan politics in regulatory policy. Their numbers proliferated and continued the fragmentation of state government.

The process continued to the point that by the First World War state governments were so fragmented that neither the governor nor the legislature could provide effective leadership (National Municipal League, 1940). There existed little unity in state government, and mechanisms did not exist to provide for effective management. The result was the growth of a reform movement which turned to an orderly and rational governmental structure as the best solution to the problem of managing state government.

The early proponents of reorganization believed that principles of administration existed and that the problems experienced by the states could be overcome through the application of these principles to their organizational structure (Council of State Governments, 1950). This approach to organization linked Taylor (1911) and the scientific management school to organization structure.

The quest for the "one best way" to organize government continued with Gulick and Urwick (1937) and Fayol (1940). Administration was separated from politics, and efficiency became the major objective.

The application of classic organization theory as embraced by proponents of reorganization included principles which were simple and easy to accept. These included:

> Unity of command--all elements of the organization report to only one supervisor. This procedure serves to eliminate the issuance of conflicting directives and will serve to maximize implementation.[10]

> Functional consolidation--greater coordination of activities can be achieved if functional groupings are created. It would then be possible to identify waste, eliminate duplication, and achieve a reduction in the number of individuals employed.[11]
>
> Limited span of control--the chief executive benefits from a reduced volume of communication, can effectively supervise subordinates, and devote more time to management and policy-making decisions.
>
> Scalar chain of command--with one chain of command under the authority of the chief executive, priorities can be established, agency unity can be maintained, and efficiency will be improved (Meier, 1979: 5-6).

The utilization of these principles in a reorganization program could improve efficiency and correct the problems encountered in state government. Agency proliferation, functional fragmentation, and the diffusion of responsibility can be eliminated through a program of structural reorganization (Governor's Executive Reorganization Committee, 1969).

Faith in reorganization is reflected in the following statement by the Kansas Commission on Executive Reorganization (1971: 2):

> The executive branch of the Kansas government is an organizational jungle. Nearly 200 executive branch agencies, most of them operating independently could be consolidated into eight major departments where they would be subject to effective management dedicated to producing quality results at the least cost.

The utilization of the organizational principles in a major reorganization would have the effect of improving efficiency and economy for the state of Kansas. Despite a lack of solid empirical evidence to support such statements, the states continue to engage in reorganization activity.

State Reorganization Activity

State administrative reorganization was a response to the growth patterns of the executive branch of government at the state level. During the 1800s the structure of state government was characterized by a bias against strong governors with restrictions imposed on term of office and limitations on managerial power. The Jacksonian era witnessed the establishment of a "plural executive" branch as state administrative positions (Treasurer, Secretary of State, and others) became elective (Report, 1967). Given the supremacy of the legislature and the fragmented nature of the executive branch, a conviction emerged in the minds of reformers that no one was in charge of state government.

The state reorganization movement can be traced to the beginning of the twentieth century as reform movements were developing at all levels of government: national, state, and local. Various factors contributed to the interest in reform. These included the inefficiency and corruption in some state governments, the general lack of accountability in government, the emergence of private groups interested in improving government (e.g., the National Municipal League), and the increase in an academic concern with developing a "science" of public administration (Caiden, 1969; Buck, 1950).

The first attempt to reorganize was that of the Peoples Power League of Oregon in 1909 and 1911 (Riggs, 1961). The reforms would have concentrated executive power in the hands of the governor and created a unicameral legislature.

The League was unsuccessful but efforts continued in other states. An attempt to reorganize New York failed in November, 1915, when the revised State Constitution was defeated at the polls (Buck, 1950).

Illinois became the first state to adopt a comprehensive plan for administrative reorganization under Governor Frank Lowden in 1917 (Buck, 1950). The reorganization was effected through statutory actions by the legislature. With the exception of the duties of six constitutionally elected officials, administrative activity was grouped into ten major departments under the control of the governor (Riggs, 1961). Following the lead of Illinois, twelve more states reorganized in the next eight years, as shown in table 1-2.

Table 1-2

Early State Reorganization

Year	State
1917	Illinois
1919	Indiana, Nebraska, Massachusetts
1921	California, Michigan, Ohio, Washington
1922	Maryland
1923	Pennsylvania, Vermont, Tennessee
1925	New York

SOURCE: Council of State Governments, 1972

In 1921 the National Municipal League published a Model State Constitution which incorporated the principles of a reorganized state executive. The League was convinced that extensive reorganization would be possible only with constitutional revision in most states. The model constitution provided for a unicameral legislature, four year term for the governor, gubernatorial responsibility for the budget, a short ballot with few elected state officials, and embraced the value of centralization of authority (Buck, 1950).

Interest in reorganization continued after the report by the Brownlow Commission in 1937. The role of the governor began to change from that of a figurehead to that of a leader (Lipson, 1956) which stimulated concern with government management. Following the report of the two Hoover Commissions in 1949 and 1955, state interest in reorganization was again stimulated. Over thirty states established "Little Hoover Commissions," but not a single comprehensive reorganization resulted (Council of State Governments, 1972).

This continuing interest in structural reform produced three basic waves of state executive reorganization. The first developed in the wake of the municipal reform movement (1911-1936); the second was motivated by the Brownlow Commission of Franklin Roosevelt (1937-1946); and the third is a recent development (1965-1975). During the last fifteen years, nineteen states have implemented reorganization plans (Garnett and Levine, 1978).

This most recent flurry of activity can be traced to the conviction in many quarters that:

> By and large the structure of state executive departments is better suited to the conditions of a century ago than to the multi-service state of today. (Report to the National Governor's Conference, 1967)

Reorganization activity since 1965 has been far greater than for any other comparable period (Council of State Governments, 1972). Table 1-3 indicates the states which have undergone significant reorganization in the recent past.

Table 1-3

State Reorganizations: 1965-1979

Arkansas	Maine	South Dakota
California	Maryland	Virginia
Colorado	Michigan	Wisconsin
Delaware	Massachusetts	Idaho*
Florida	Montana	Louisiana*
Georgia	North Carolina	Missouri*
Kentucky		

*Most recent reorganizations

SOURCE: Bell, 1979

Recent reorganization efforts have focused on limiting the number of departments within the executive branch. Few of the reorganized states have as many as twenty departments. The trend has emerged that the later the reorganization, the fewer the number of executive branch departments (Council of State Governments, 1972). Missouri has a constitutional limitation of thirteen executive branch departments

(Bell, 1979). The reorganization movement has resulted in eleven states adopting constitutional limitation on the number of departments.[12]

The success in achieving approval of reorganization plans has been attributed to five basic factors (Council of State Governments, 1972). First, the "movers and shakers" within government have learned by experience. Past attempts to reorganize have provided valuable lessons to current reorganization advocates. Second, attitudes have changed within state legislatures. The reapportionment movement has brought in a new breed of legislator, one that is concerned with effective administration. Third, governors have manifested an increased willingness to tackle "hot" issues and push for reform. Fourth, federal officials need a strong state administrative establishment to implement programs. The HUD 701 program has provided planning grants to states to conduct studies which can be used as a basis for reorganization. And fifth, success is infectious. As one state implements a reorganization, proponents in other states are encouraged to continue their efforts.

The experience of Jimmy Carter in Georgia can provide insight into state reorganization activities. After his election as governor in 1971, Carter affirmed that reorganization of the state bureaucracy would be his first legislative priority. Governor Carter observed that:

> Every time I open the closet door in my office, I fear that a new agency will fall out. (Nigro and Nigro, 1980: 191)

Governor Carter sought authority to reorganize similar to that granted the presidents by Congress, in which a reorganization plan would automatically take effect if neither house of the legislature disapproved. This authority was granted in 1971. He then moved to consolidate over 300 agencies, departments, boards, and commissions into an integrated executive establishment. The reorganization plan reduced the number of state budgeted agencies from 65 to 18 departments and assigned the over 200 remaining nonbudgeted boards, commissions, and bureaus into one of the 18 functional departments (Fain, 1977; Nigro and Nigro, 1980).

Documented benefits from this reorganization are not readily available. The governor was limited to a single four-year term. His successors have shown varying levels of commitment to reorganization. The lesson seems to be that while reorganization can be implemented with an aggressive approach, long term effects depend on an equally strong commitment by the successors of those implementing the reorganization.

Principles of Reorganization

Reorganization of state government has been advocated as a viable technique for imposing order and control within the executive branch of government (Committee for Economic Development, 1967). While various groups and organizations have supported reorganization in the twentieth century, there remains a definite common set of assumptions on which these divergent groups agree. One common element involves the departure from the fear of a strong chief executive and a willingness to concentrate power in the hands of the governor (Buck, 1950).

The Report to the National Governors Conference (1967: 25-26) identified basic reorganization guidelines which have been almost universally accepted. The first calls for limiting the elected officials in the executive branch to two offices: those of governor and lieutenant governor. Further, these positions should be elected jointly to insure that both officials are of the same political party and will cooperate as their duties are discharged. Second, four year terms should become standard with no limit on the number of terms a governor can serve. Also included was the creation of an office staff of sufficient size to provide needed managerial assistance to the governor. The consolidation of agencies into a maximum of twenty departments organized along functional lines was recommended. And finally, the governor should be granted the authority to continuously reorganize the executive branch with the legislative retaining veto power over any such proposal (also see Citizens Research Council of Michigan, 1952).

Each of the principles are consistent with the policy of increasing the managerial powers of the governor. In fact, increasing the powers of the governor is so important that "The whole practice of administrative reorganization turns on this point." (Buck, 1950: 15) Some reorganization plans have incorporated the creation of a governor's cabinet with power distributed along parliamentary lines (Minnesota Institute of Governmental Research, 1962). The cabinet would meet and confer on a regular basis to coordinate policy.

Buck (1950) identified four basic types of administrative reorganization. These are the integrated type, the partially-integrated type, the fiscal-control type, and the plural-executive type. Under the integrated type, complete executive control is exercised by the governor. He appoints department heads and is the only major elected state executive officer. Control of the executive branch depends on the process of legislative audit and review. With the partially-integrated type, some elective state administrative offices are retained and only a portion of administrative functions are centralized under the governor. With the fiscal-control type, management authority is given to the governor through financial supervision and not by administrative integration. The governor would control the bureaucracy through budgetary and accounting control. The plural executive is characterized by the utilization of several elected state administrative officers. The governor shares power with these officers and government operations are similar to those in cities operating with a commission type of structure. Most reorganization efforts are oriented toward the integrated type. This is due to the concern with increasing the operating efficiency of government.

Reorganization is seen as a means for increased administrative efficiency (Rourke, 1976). Bureaus and agencies are criticized as displaying an independent attitude in which they ignore, subvert, and oppose directives from the chief executive (Seidman, 1975). Compliance and efficiency are the objectives of reorganization proponents (Fain, 1977).

It is important to note that the organizational structure of government reflects the changing priorities of society (Miles, 1977). Organization and reorganization do not occur in a political vacuum (Seidman, 1975). Effective reorganization efforts are coupled with the understanding of the political forces which produced the existing structural arrangements.

Brown (1977: 163-70) identified several "key" caveats for effective organizational reform. A major caveat involved the separation of program criticisms from those directed at the administrative structure. Often, the target of criticism is the administrative structure when the true complaint stems from the program. Reorganization should be pursued only after the problems have been clearly identified. Brown, recognizing the social value of existing structures, warned against over enthusiastic elimination of a bureaucratic system before an adequate replacement could be found.

Bert Lance, a former key advisor to President Carter, identified several reasons for the failure to successfully implement reorganization plans in the past (Fain, 1977: x).

First, reorganization plans were sometimes developed in secret, in a political vacuum. Consultation with the legislative branch of government was conducted only superficially or after the fact. Second, "Reorganization efforts were often conducted by study commissions without an institutional base of their own." Successful implementation requires some type of formal relationship between the formulators of reorganization policy and those who must implement that policy. Mr. Lance also affirmed the necessity for continuous reorganization to allow "adaptive modifications" to changing social and political conditions.

Reorganization can also be achieved through the use of "Sunset Laws" (Fain, 1977). This concept originated in Colorado when, in 1975, the state adopted legislation which provided for the termination of the state's forty regulatory agencies unless the legislature voted to continue their existence after seven years. Sunset legislation has also been applied to government programs in an attempt to limit the expansion of agency activity.

While there are various approaches to reorganization, there is no guarantee that structural change will automatically improve the operation of government. Emmerich (1950, 1971) identified three tests which could be employed to evaluate the effectiveness of reorganization strategy. These are:

1. Is Administration made constantly more responsive to the public interest?

2. Is the ability of the chief executive to make far seeing recommendations strengthened?

3. Is the ability of the chief executive to see that the laws are faithfully executed enhanced?

Note that economy is not listed as a valid test of reorganization.

Reorganization has been opposed on different grounds by various groups and individuals (Riggs, 1961: 8). Interest groups can interpret reorganization plans as a threat to their special treatment by a state agency. Another source of opposition is the fear of concentrating excessive power in the hands of the governor. Closely related to this concern is the conviction that a number of executive branch positions should be elective in order to keep a watchful eye on the activities of government agencies (Council of State Governments, 1972; Rourke, 1976).

The executive branch of government is a reflection of the pluralistic nature of the political system in which competing factions leave their mark on the organizational structure (Fox, 1974). To insure access and representativeness, it has been argued that duplication, overlap, and fragmentation are positive values which should not be eliminated (Ostrum, 1961).

Critics also note that it is difficult to demonstrate actual financial savings after reorganization is implemented. In a response to a querry from the state of Kansas concerning improved economy of operation produced by reorganization, Wisconsin officials responded that it was "difficult to document any budgetary savings" (Kansas, 1971).

That structure is not necessarily related to policy is reflected by events surrounding the Bureau of Indean Affairs. Native Americans have been dissatisfied with the bureau and, in some instances, have chosen to use force to demonstrate their hostility to the bureau. The Nixon administration had involved the BIA in a limited reorganization. The fact that the relationship between the Bureau and the clientele it was created to serve did not change is evidence that administrative reorganization will not necessarily produce a change in the policy choices of an organization (Fox, 1974).

Skepticism concerning reorganization was stated by a Nixon administration aide:

> In truth, the reorganizations that have been effective in government have seldom produced the lofty results anticipated. Many have featured form over substance, often degenerating into a sterile reshuffling of lines and boxes on organizational charts. (Malek, 1978: 214)

Reorganization is turned to as a "miracle drug" to correct organizational and programmatic deficiencies when alternate approaches might be more appropriate (Malek, 1978: 236).

In the words of Harold Seidman (1967: 4), "For the true believer, reorganization can produce miracles. . . ." Despite the faith held in its curative powers, "Reorganization is one area where we talk, expend much money and have great faith, but little knowledge" (Fox, 1974).

It may not even be possible for reorganization to have any effect on a large bureaucracy if Anthony Downs' are true:

> The first is the Law of Imperfect Control: No one can fully control the behavior of large organizations. The second is the law of Diminishing Control: The larger any organization becomes, the weaker is the control over its actions exercised by those at the top. The third is the Law of Decreasing Coordination: The larger any organization becomes, the poorer is the coordination among its actions (Downs, 1967: 271).

Public officials and reform oriented organizations remain committed to reorganization efforts. It is clear that reorganization will remain a viable political issue for the foreseeable future.

Conclusion

Reformers continue to call for the reorganization of the executive branch at both the national and state government level. Yet very little empirical research has been done to investigate the consequences of executive reorganization. Does it really save money? Are other economies forthcoming, as the reformers had hoped? Is there a reduction in government employment? The evidence produced so far suggests that the expectations of government reformers may be excessively optimistic. But further study is certainly needed. This research effort employs a time-series analysis to assess the effect of executive branch reorganization on selected state expenditure policies.

In chapter II, the theoretical framework will be presented. The public policy literature contains a wide range of studies investigating the relationship between public policy and the structure of government. These previous efforts have focused on two primary areas: state legislative reform and governmental reform at the local level. Surprisingly, very little research is available which investigates the relationship between state executive branch reorganization and public policy. The link between this investigation and policy studies directed toward legislative and urban reform will be established in chapter II.

The methodology to be employed will be discussed in detail in chapter III. This research effort will utilize an interrupted time-series quasi-experimental design. The policy priorities of the governors of twelve of the nineteen states which reorganized since 1965 were identified. The policy areas so identified were included in the investigation. These twelve states were match-paired with twelve nonreorganized states as a means of increasing experimental control. The application of interrupted time-series analysis enables both the long and short-term effects of reorganization on public policy to be evaluated.

Chapter IV contains the results of the time-series regression equations. The long and short-term effects of reorganization are deemed to exist when changes in the rate of increase in per capita expenditures are observed after reorganization occurs. By comparing any observed changes in a reorganized state with its matched-state, the impact of reorganization on policy can be assessed.

This research effort will provide empirical evidence against which the claims and perceived benefits resulting from state executive branch reorganization can be evaluated. If no effect is observed, much of the customary rationale supporting reorganization can be questioned.

Notes

[1]One indicator of government growth is the increase in the number of federal employees from 239,476 in 1901 to over 2,724,000 in 1977 (Nachmias and Rosenbloom, 1980: 39).

[2]Many of the advocates of the application of private sector organization principles to government are guilty of oversimplification. There exists a wide range of organizational systems in the private sector. This includes both the highly structured, classic organization of American Telephone and Telegraph; and the almost unstructured Texas Instruments (Meier, 1979).

[3]The text by Richard Polenberg, Reorganizing Roosevelt's Government, provides an in-depth review of the circumstances surrounding the various attempts at reorganization by President Roosevelt.

[4]The Hoover Commission consisted of twelve members, six Republicans and six Democrats. Four were appointed by the President, four by the Speaker of the House, and four by the Presiding Officer of the Senate. They were drawn from the executive branch, the legislative branch, and from the private sector.

[5]The new departments were Transportation, Education, Natural Resources, Economic Development, and Housing and Community Development.

[6]The other five goals announced by President Nixon were welfare reform, improved health care, a stable economy, a better environment, and enactment of a program of revenue sharing.

[7]By November of 1971 President Nixon, in response to pressure from farm organizations, had decided to retain the Department of Agriculture.

[8]A detailed description and analysis of President Nixon's proposals can be found in The Plot That Failed: Nixon and the Administrative Presidency by Richard Nathan.

[9]The Presidential Reorganization Project has been charged with developing reorganization plans to maximize the efficiency and economy of government operations and to simplify government so that it is understandable to the average citizen. The elimination of fragmentation through consolidation is a primary objective of the PRP.

[10]The concept of unity of command does not take into account the importance of informal networks within organizations. Such informal networks can effectively circumvent formal lines of authority.

[11]As Gulick (1937) stated: "Work division is the foundation of organization; indeed the reason for organization."

[12]These states are: Michigan, Colorado, Montana, Alaska, Hawaii, New Jersey, New York, Massachusetts (maximum of twenty); Florida and North Carolina (maximum of twenty-five); Missouri (maximum of thirteen).

[13]Mosher (1967) presents a series of case studies as a description of the dynamics of agency reorganization.

CHAPTER II

THEORETICAL FRAMEWORK

The concern with reorganizing the administrative branch of government is directly linked to the belief that organizational structure is related to public policy. Accordingly, policy can be changed or improved if the bureaucracy is reformed by reorganization. This conviction has also served as an impetus for the reform movement at the local level and for efforts to reform the legislative structure at the state level. An examination of these two reform traditions will enhance the understanding of the movement to reform state government by administrative reorganization.

Urban Reform

As the United States industrialized, a demographic change occurred in which the majority of the population was centered in urban areas reflecting a shift from the rural and agrarian past. Municipal government was faced with the task of providing services to residents drawn from different cultures and backgrounds. The time was ripe for corruption and graft (Banfield and Wilson, 1963). One product of this environment was the political machine which existed to mobilize electoral support through the provision of basic services to urban residents. The machines were especially effective in mobilizing political support from the ethnic immigrant population (Lineberry and Sharkansky, 1971). The urban reform movement sought to improve the quality of urban administration and to eliminate the abuses which stemmed from the operation of the political machines.

Reformers were drawn from primarily the Protestant and Jewish middle-class. They were not first-generation Americans or recent immigrants. They tended to be drawn from the highly educated strata of society. Reformers were often college graduates or the products of professional schools. Occupationally, they were oriented toward rational methods of organization and operations. They were not oriented toward the informal and traditional methods utilized by the leaders of the urban machines (Harrington, 1976; Mumford, 1961).

The reformers were committed to the values of democracy and a strong sense of individual responsibility. Coupled with this commitment to the basic values of democracy was the elitist position that public officials should be drawn from the best educated, and therefore, the best qualified segments of urban society (Harrington, 1976). The reformers wanted to change the system of urban government to reflect their own social and economic values. Accordingly, government should provide only basic services which individuals could not provide for themselves. Further, government should be operated in a businesslike manner with a genuine concern for efficiency (Morgan and Pelissero, 1978).

The orientation of the poor urban resident was markedly different from that of the reformer. Politics was often perceived of in very personal terms. Electoral support was granted to politicians in exchange for specific benefits. These benefits included items ranging from jobs to food and fuel. An individual could improve his lot in life by shrewdly taking advantage of the operation of the government and the political system. Politics was viewed in impersonal terms by the reformers. Instead of an arena for obtaining personal gain, the reformers viewed politics as "the arena for the realization of moral principles of broad application--and even in the case of temperance and vice crusades--for the correction of private habits" (Hofstadter, 1935: 181). This differing value system between reformers and the urban poor has led to the development of what has been termed the "ethos theory" of urban policy (Harrington, 1976).

Ethos Theory

Edward C. Banfield and James Q. Wilson (1963: 38-43) hypothesized the existence of two conflicting views of government based on ethnic and religious cleavages (also see Wilson and Banfield, 1964 and 1971). These cleavages are manifested in private-regarding and public-regarding ethos. The public-regarding ethos reflected the political values of upper-middle-class Anglo-Saxon Protestants and Jews. The political preferences of these groups centered around a concern for the city or community as a whole rather than a concern governed by self-interest. The private-regarding ethos was shared by lower-class ethnic groups and immigrants. These groups tended to focus primarily on issues and policies affecting only their immediate neighborhood or group. Policies requiring expenditures for the city as a whole found very little support from these groups.

One implication of the ethos theory is that class is related to the political movement. Reform politics would prosper in a middle-class environment while machine-type politics are best suited for lower-class environments (Stedman, 1972; see also Lewis, 1973). Wolfinger and Field (1966) were among the early investigators to link ethos to government reform. Public-regardingness would lead to an advocacy of a governmental structure which would reduce the strength and power of groups concerned only with their own self-interest as opposed to the needs of the city as a whole.

The validity of the ethos concept has been questioned and the debate over its usefulness has continued (see Eckert, 1976; Plax, 1976). Hennessey (1970) criticized the ethos theory on the basis of conceptual and methodological issues. Key terms such as "public interest" and "middle-class" were not clearly defined. Wilson and Banfield also committed an ecological fallacy by utilizing aggregate voting data as a basis for determining the attitudes of individual citizens. Hennessey noted that the choice of bond elections as measures of public regardingness served to predetermine upper-class areas as public-regarding and lower-class areas as private-regarding due to the fact that a majority of the benefits from such elections often accrue to residents of poorer neighborhoods.

The ethos theory has remained important regardless of the problems and conflicts it has generated. The concept of public and private regardingness does exist and is appealing to reformers. In fact, many reform efforts can be supported as public-regarding measures (Harrington, 1976). The reform movement did contain both structural and social reform wings. The social reformers attempted to achieve change through muckraking, social work programs, and through efforts to gain control of government as a means of changing policy (see Adams, 1911 and Holli, 1969). While the reformers were usually unsuccessful in their attempt to gain control of urban government, they did achieve success in changing the structure of government at the local level.

Structural reformers, acting in a public-regarding manner, placed an emphasis on achieving efficiency and economy in the operation of government. This concern with a business-like approach to government is reflective of the upper-class background of many reformers. An examination of reform movements are often the product of the actions of individuals drawn from the high echelons of the business community (Hays, (1964).

The movement to restructure urban government sought to remove the influence of politics on administration, minimize group cleavages, and to see the adoption of businesslike principles in the operation of the bureaucracy (Lineberry and Sharkansky, 1971). The basic elements for reform at the local level are then: at-large representation, nonpartisan elections, and the council-manager form of government. Each of these elements will be discussed separately.

The move to establish a system of at-large representation is tied to the conviction that public officials ought to be concerned with the welfare of the city as a whole. Electoral systems based on representation for wards was viewed as a mechanism for insuring the continuation of conflict between competing interests within the city. The device of at-large elections should, in theory, insure that city councilmen would not be subject to excessive pressures from any single geographically concentrated group. Political cleavages would then be minimized.[1]

The adoption of nonpartisan elections was seen as an appropriate course of action to eliminate the influence of partisan politics in city administration. Reformers held the position that there was not a "Democratic" or "Republican" way to operate a city department. The reformers were concerned with economical and efficient delivery of services. Business principles would be implemented in administrative practices most effectively in a politically neutral environment (Harrington, 1976: 106-9).

The third element of reform involved elimination of the mayor form of government. Figures 2-1 and 2-2 present a graphic display of the strong and weak mayor governmental forms. These forms of city government to reformers allowed politics to affect administration. Administration was not insulated from potential entanglement in political conflicts. A shortcoming of the weak mayor form was the difficulty in determining accountability. The city council was charged with responsibility for the operation of the various departments. If the public became dissatisfied with the operation of a specific department, no single elected individual could be held accountable. However, his elective position allowed politics to become entangled with administration (Lineberry and Sharkansky, 1971; Harrington, 1976).

Figure 2-1

Strong Mayor Government

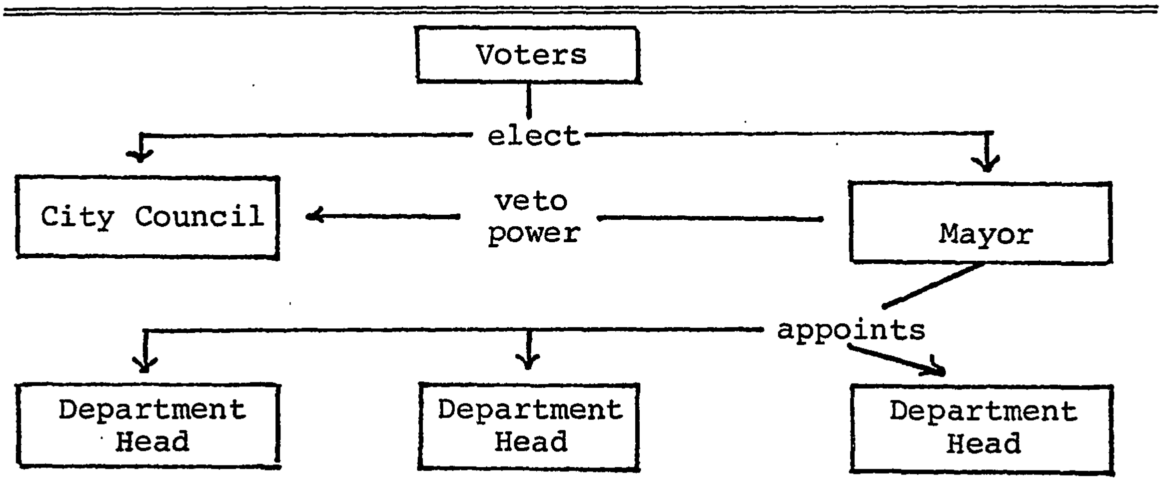
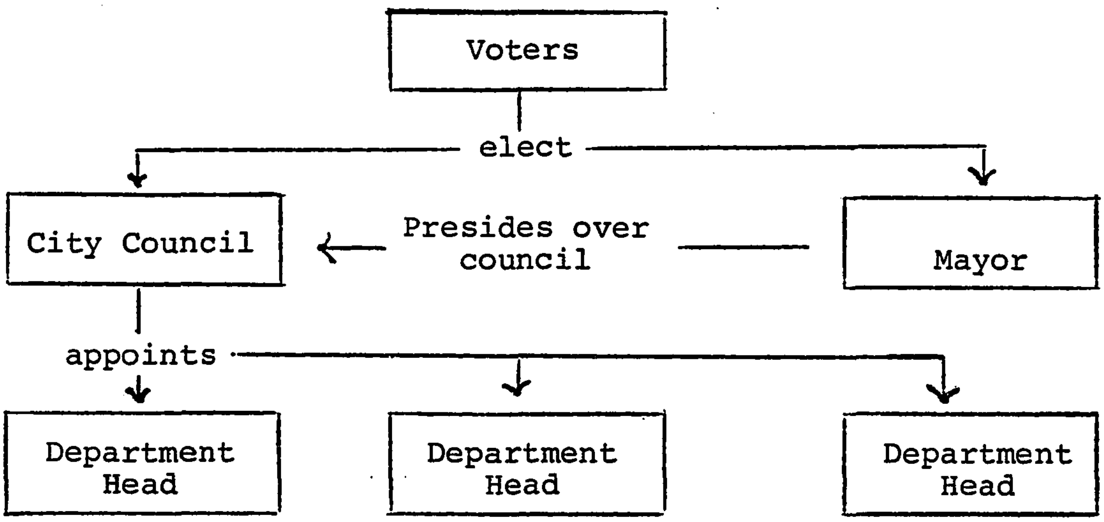


Figure 2-2

Weak Mayor Governments

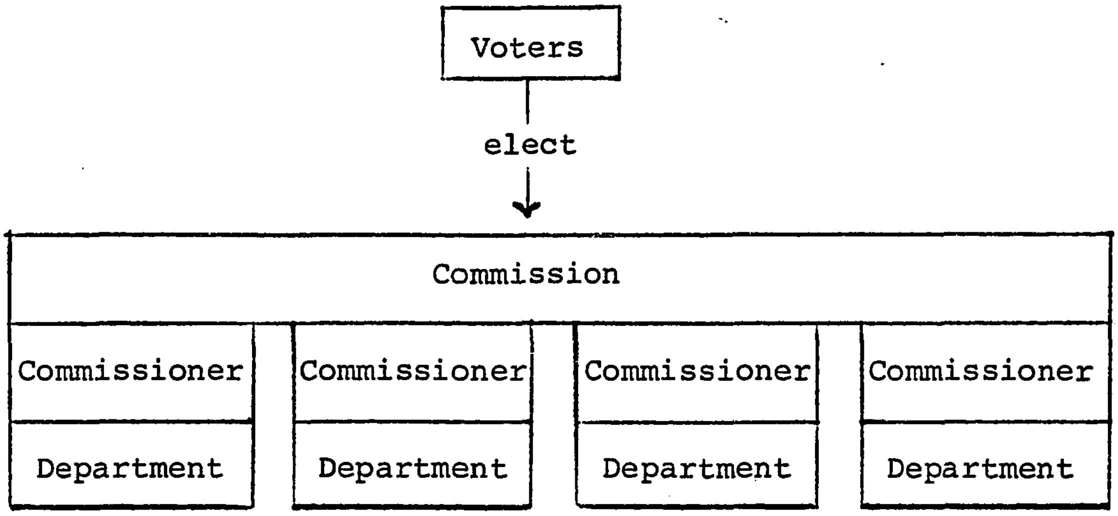


Galveston, Texas, adopted the innovative commission form of government in 1900. Figure 2-3 represents the structure of government under a commission plan. This structural reform became an "ideal" type for reformers during the early part of the twentieth century. By 1910 this reform had been adopted by 108 cities (Lineberry and Sharkansky, 1971: 120).

The commission form did contain weaknesses that affected its ability to operate government in an efficient manner. Each commissioner was charged with the responsibility for a particular administrative department. In the absence of a single chief executive, coordination and administrative integration were difficult to achieve. The structure had the effect of encouraging the commissioners and their departments to act in an independent manner with minimal concern for departments other than their own.

Figure 2-3

Commission Government

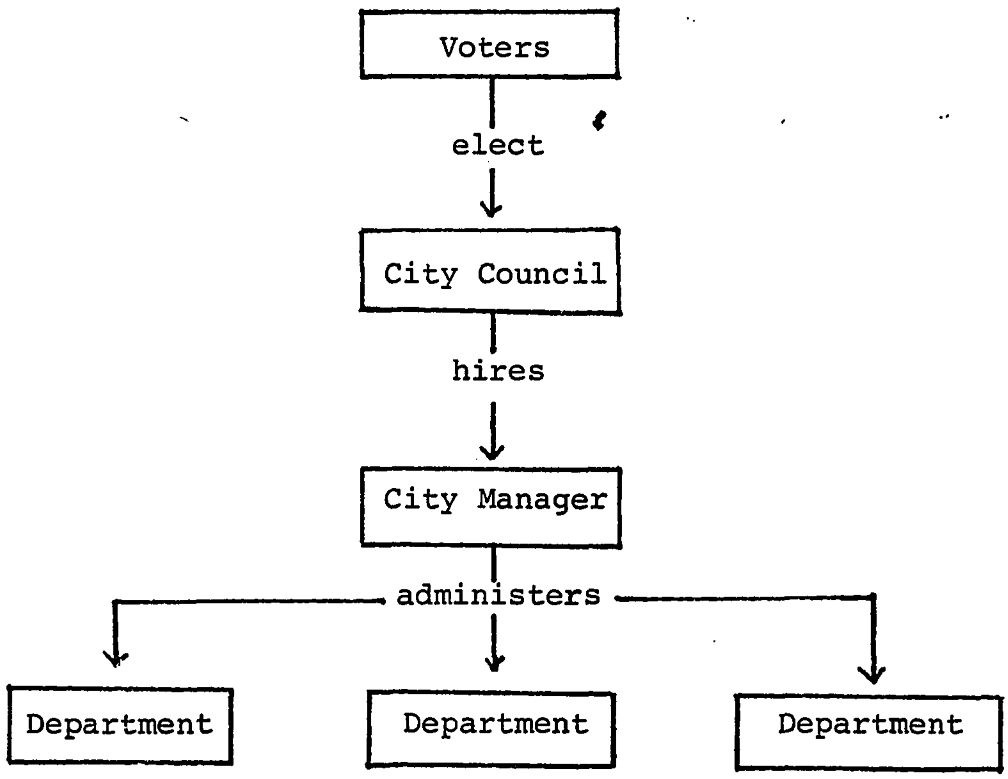


The reform movement, concerned with economy and efficiency, turned away from the commission form in favor of the council-manager structure. This form is presented in Figure 2-4. The city manager acts as the chief executive in administrative activity. He is insulated from politics and acts only to implement policy decisions as they are made in the city council. The dichotomy between politics and administration was preserved.

In actual operation, the city manager does assume a role in policy-making. This is especially true when the council seeks his professional judgment. The city manager does not find it possible to remain separate from politics. Nevertheless, this structural form has been advocated as the best form for the implementation of business principles in government.[2]

Figure 2-4

Council-Manager Government



The manager form of government, as reflected in Table 2-1, has been adopted by a majority of the cities in the population range 25,000 to 250,000. Smaller cities find the cost of hiring city managers to be a factor that is difficult to overcome. Larger cities tend to rely on mayoral forms of government.[3]

Table 2-1 presents a summary of the form of government for cities with populations greater than 25,000.

Table 2-1

City Government Forms by Size of City

Size	Form of Government (percent) Mayor-Council	Council Manager	Commission	Number of cities
Over 1,000,000	100	0	0	6
500,000 to 1,000,000	75	25	0	20
250,000 to 499,999	43	47	10	30
100,000 to 249,999	39	52	9	98
50,000 to 99,999	36	57	13	256
25,000 to 49,999	33	56	8	520

SOURCE: International City Management Association (1975: xiii).

Urban Structure and Public Policy

The conviction that structure affects public policy has served to motivate the urban reform movement. The question must be asked: "Does structure affect policy?" Given the assumptions of the ethos theory and the reform movement's concern with economy and efficiency, reformed cities should spend and tax at lower rates than unreformed cities (Morgan and Pelissero, 1978).

Previous research has produced mixed results with conflicting conclusions. It has been demonstrated that the council-manager form of government has been readily accepted by medium-sized cities. These cities are characterized by lower levels of ethnicity and religious diversity than larger cities. Homogeneity appears to facilitate the adoption of this particular governmental form (see Kessel, 1962; Alford and Scoble, 1965). Ethnicity seemed to be related to the mayoral form of government.

Wolfinger and Field (1966) questioned the importance of ethnicity as a factor in determining urban governmental structure. Their research indicated that region was an important element in determining the form of urban government. The findings of Dye and MacManus (1976) served to complicate the debate. Their research indicated that ethnicity (measured as percentage of foreign-born residents) was related to two reform elements while region determined the third. Ethnicity was related to governmental form (mayor or council-manager) and to the system of representation utilized on city councils (ward or at-large representation). Cities with high levels of ethnicity tended to have mayoral forms of government and a system of ward representation. Region was found to be related to the existence of partisan politics in the election system (partisan or nonpartisan ballots).

Lineberry and Fowler (1967) focused on the effect of governmental structure on public policy apart from the effects of the demographic characteristics of the city. Relying on taxation and expenditure data as indicators of public policy, the authors utilized multiple regression for reformed and unreformed cities.[4] The results indicated that socio-economic variables explained less variance in reformed than in unreformed cities. This lower explanatory power was attributed to the effect of structural reform.

When efforts have been directed toward examining the effects of reform structures on members of minority groups, conflicting results have again been produced. Karnig (1976) and Robinson and Dye (1978) found that the reformed structures had the effect of minimizing or eliminating minority group membership on city councils. Cole (1974) and MacManus (1978) found that reform structures did not affect minority group representation.

Lyons (1978) examined expenditure patterns for reformed and unreformed cities. His conclusions were consistent with those of Lineberry and Fowler. Reformed cities did spend less than unreformed cities. Accordingly, the reform movement did have a policy impact.

Morgan and Pelissero (1978) observed that much of the previous research was cross-sectional in nature with the possibility that misleading results could be achieved. Their approach involved the application of time-series analysis to the problem. Reformed and unreformed cities were matched and analysis undertaken. Their findings indicated that no relationship existed between fiscal policy and governmental structure.

The observer is faced with conflicting evidence as attempts are made to draw conclusions concerning the impact of urban reform on public policy. It would be safe to make the assumption that structure is not related to policy. Strong, compelling evidence to the contrary does not exist. Despite this lack of supporting data, reform groups continue to advocate structural change as one appropriate remedy for the problems facing America's cities.

State Legislative Reform

Efforts to reform government have also been directed toward state legislatures in an attempt to change public policy. These reforms have been structural in nature, reflecting an acceptance of the belief that structure is related to policy. An examination of the effects of these reform efforts indicates that despite the conviction that structure is important, there is an absence of solid empirical evidence to support that conviction.

Legislative Reapportionment

One major attempt at state legislative reform involved the struggle for reapportionment. As population patterns changed in the United States, urban areas increased in size while rural areas suffered a decline. Equality of representation requires that equal numbers of people be contained within the boundaries of all legislative districts within a state. When the population of legislative districts is grossly unequal, malapportionment exists. Until 1962, malapportionment characterized most of the legislative districts within the states.

Evidence abounded that malapportionment was a nationwide condition.[5] State legislatures manifested an unwillingness to redraw district boundary lines after each census. This unwillingness was a product of the realization that redistricting would result in the loss of influence for rural areas of the states. The legislators also reflected something of an anti-urban bias in their attitudes. Consequently, they were unwilling to change the existing district lines.

Initially the federal courts were unwilling to intervene when afforded the opportunity to accept reapportionment cases.[6] The Supreme Court reversed this line of reasoning when it ruled in Baker v. Carr (1962) that the lower house of the Tennessee legislature must be reapportioned. Following this decision, the states began to eliminate malapportionment in the lower state houses. In 1964, the Supreme Court ruled both houses of state legislatures must be apportioned on the basis of population (Reynolds v. Sims). The "federal analogy" was firmly rejected by the courts as a basis for legislative apportionment.[7]

This legislative reform was grounded in the conviction that an increase in the number of urban legislators at the state level would result in a change in state policy. This change would result in a greater sympathy for the problems of urban areas by state legislatures (Dye, 1971). The reapportionment effort did produce changes in the state legislatures. Rural areas lost representation while urban and suburban areas gained representation. Some evidence exists that the Democratic party gained strength in state legislatures in elections following reapportionment actions (Erickson, 1967).

When state policy is defined in terms of taxing and spending patterns, Frederickson and Cho (1971) utilized state fiscal decisions and found that a bias against urban areas continued to exist even though that bias was stronger before the Baker v. Carr decision. Caution is the watchword in evaluating the impact of legislative reapportionment. Dye (1971) observed that:

> . . . there is little evidence that the 'one man, one vote' movement will dramatically change the nature or extent of state involvement in urban problems, and reapportionment is not likely to solve any of the pressing problems of the nation's cities such as poverty, racial tension, slum housing, and congestion.

The pattern of cities seeking assistance from the federal government would continue after reapportionment.[8] The effects of reapportionment on policy appear to be weak.

Legislative Structure and Public Policy

A growing body of literature has emerged examining the relationship between legislative structure and policy outputs of the states. The popular literature, citizen groups, and state legislators themselves have been critical of the performance of state legislatures. This has been especially true in the recent past. Concerns over low levels of compensation, limited sessions and inadequate staff support are among the weaknesses that have been cited. Despite this concern with legislative performance, it was not until the publication of the findings of the Citizen's Conference on State Legislatures[9] (CCSL, 1971a, 1971b) that a uniform system for measuring legislative reform existed.

The findings of the Citizen's Conference are the result of a major research effort undertaken in 1969. The objective of the effort involved creating measures of effectiveness of state legislatures. Karnig and Sigelman (1975) observed that "effectiveness is commonly defined as the extent to which a system attains its goals" and that the measures of the CCSL are, in reality, measures of the structures and processes of legislatures. The CCSL measures should, therefore, be viewed as indicators of reform, not effectiveness.

The legislatures were examined in nine basic fields (CCSL, 1971a; 1971b):

Staffing: The legislature should be equipped with a competent professional and clerical staff to perform their job.

Compensation: Salaries paid to legislators should be commensurate with their responsibility. All necessary expenses incurred should be reimbursed by the state.

Time: Restrictions should not be imposed on the length or frequency of legislative sessions.

Committee Structure: Committee assignments should be reasonable; the number of committees should not be unmanageable; and all committee procedures should be available to the public.

Facilities: Adequate office space should be provided to individual legislators, the leaders, and support staff. Sufficient space for public hearings, press conferences and caucus activities should be provided.

Leadership: Leadership selection should facilitate the conduct of business and reflect a fair distribution of power.

Rules and Procedures: The public should be able to readily comprehend the operation of the assembly. A mechanism for insuring a fair hearing for each bill introduced should exist.

Size: Each house should be small enough to allow full participation by members. Excessive membership proves to be unmanageable.

Ethics: Lobbyists should be regulated and mechanisms for resolving conflicts of interest should be established.

These nine fields were utilized to measure state legislatures along five dimensions: functionality, accountability, informedness, independence, and representativeness (CCSL, 1971b: ch. 5-9). These five dimensions were collectively known as the FAIIR System. Each legislature was ranked on each dimension and an overall ranking was also generated.

The functional legislature can be described as the efficient legislature. A high score on this dimension reflected flexibility in the use of time, minimal restrictions on sessions, procedures to maintain the flow of work, adequate physical facilities, and sufficient staff support to handle relations with agencies and constituents.

The accountable legislature is accessible to the public. Accountability requires that forms and procedures of the legislature must be readily understood by the public. The public also has easy access to the operations of the legislature. This can be facilitated with an openness to the press. Votes should be recorded and the voting records of members made public. Single-member districts and a system of protecting the rights of the minority party are also required.

The _informed_ legislature is capable of collecting, analyzing and applying information. A high score on this dimension required the presence of professional staffs for gathering and processing information and a mechanism for standing committees to conduct investigations. A high score also required the ability to review and change the budget as submitted by the governor.

The _independent_ legislature is autonomous from the other branches of government. The legislature is independent of the executive branch and equal to it in power. The legislature also has the power to gather information on its own, independent of the influences of lobbyists. The legislature also has the ability to engage in program oversight and evaluation.

The _representative_ legislature reflects the varied interests and groups within the state. A high score on this dimension requires that single-member districts be coupled with minimal restrictions for office seekers (age, residence) and that compensation be at relatively high levels. Individual legislators should not be subject to the excessive concentration of power in the hands of the leadership.

The five FAIIR dimensions are not mutually exclusive. An independent legislature must also be an informed legislature. Legislative accountability is also linked to representativeness. The criteria utilized for each of the dimensions is also subject to debate. Alternatives can be formulated. Despite any problems that might be encountered, the FAIIR System incorporates the reform recommendations advocated by most groups (Ritt, 1973). The CCSL model has been utilized as a major point of departure for analysis of legislative reform in the 1970s.

Grumm (1971), using slightly different measures than did the Citizen's Conference, found that "structure does affect legislative performance." He found that apportionment was a significant factor in determining education policy and that legislative professionalism had a significant impact on welfare policy. These results offered support to the conviction that state policy outputs could be affected by structural reforms. Grumm stated that his findings were tentative in nature and recognized the necessity for additional research.

Ritt (1973) utilized the FAIIR System as measures of legislative structure in an analysis of the relationship between reformed structure and policy. His findings were in conflict with those of Grumm two years earlier. When policy was measured as expenditure levels, Ritt found no difference between the policy outcomes of reformed and unreformed legislatures.

Karnig and Sigelman (1975) also utilized the FAIIR System in their analysis of the impact of legislative reform on public policy. They concluded that both Grumm and the Citizen's Conference (CCSL) were in error in claiming that legislative reform had an impact on policy. The authors noted that Grumm's results were suspect due to the fact that twelve of his twenty-eight policy variables were measures of state <u>and</u> local output, which should not relate to legislative reform.

Grumm (1973) again found that legislative institutionalization did have an effect on selected policy measures. Legislative structure did affect welfare policy, education policy and health policy (Grumm, 1973: 62).

LeLoup (1976) returned to the FAIIR System in an analysis of the relationship between policy and legislative reform. The results indicated that when important socioeconomic characteristics of the states are considered, legislative reform has little effect on public policy. Ritt (1977) updated his 1973 study with more recent expenditive data and found no change from his earlier findings of no relationship between structure and policy.

Several case studies have been conducted in examination of the impact of reform on policy (see Grove, 1977; McDowell, 1977; Balutis, 1977). These efforts have continued to support the finding that structure is not a determinant of policy.

There is almost complete agreement in the literature that public policy is not affected by the reform of state legislative structures. Yet the public, reform groups, and public officials continue to advocate legislative reform as an appropriate remedy for the shortcomings of state legislatures. The situation is not unlike that surrounding the question of urban reform.

State Administrative Reorganization

In the same manner that urban reform can be broken down into three elements and legislative reform classified along five dimensions, state reorganization can be classified in an accepted typology developed by George Bell (1973, 1974). He observed that state executive organizations fell into three categories: traditional, cabinet, and secretary coordinator.

The traditional type involves simply a reduction in the number of state agencies within the existing organizational framework. The structure of elected officials, boards, and commissions is retained with minor changes. The cabinet type is characterized by an acceptance of orthodox administrative theory in which department heads are appointed by and accountable to the governor. The secretary-coordinator type involves very little structural change. The department secretaries assume a coordinating role and are interposed between the governor and the departments of government. Table 2-2 presents the typology utilized by states reorganizing after 1965.

Bell's typology makes it possible to "get a handle" on reorganization efforts. The acceptance of his classification scheme is reflected by its adoption as an analytical

Table 2-2

Classification of State Reorganizations since 1965

Traditional	Cabinet	Secretary-Coordinator
Arkansas	Delaware	California
Colorado	Maine	Virginia
Florida	Maryland	
Georgia	Massachusetts	
Idaho	South Dakota	
Michigan	Kentucky[a]	
Missouri	Lousiana[b]	
Montana		
North Carolina		
Wisconsin		

[a]Kentucky adopted a combination of the cabinet and secretary-coordinator types.

[b]The reorganization in Louisiana also contained elements from the traditional and secretary-coordinator types.

SOURCE: Bell (1974), and Garnett and Levine (1978).

framework by other researchers (see Ehrlich, 1975; Peirce, 1975; and Gottlieb, 1976). The inclusion of both structural and legal elements in the typology provides utility for both basic and applied investigative efforts. Table 2-3 presents the effects of each reorganization type across five administrative dimensions. The utility of Bell's typology becomes evident as it clearly presents the potential results from the adoption of any of the three reorganization types.

The Impact of State Reorganization

While the typology developed by Bell does allow an understanding of the degree of structural change generated by administrative reorganization, it does not provide a framework for determining the impact of reorganization on the operation of the state bureaucracy. The questions surrounding the effect of reorganization on economy and efficiency remain unanswered. The literature has suggested that structure is not related to policy outputs for either state legislatures or urban governments. Structural reform in these two areas would probably have only a symbolic importance.

Very little empirical research has been conducted examining the impact of state executive reorganization on public policy. The notable exceptions are the efforts by Meier (1979) and Garnett and Levine (1978). The findings by Meier indicate the reorganization does not appear to have an impact on public policy. If these conclusions are supported by the results of additional research efforts, the

Table 2-3

Effects of Reorganization by Type

	Number of Agencies	Degree of Functional Consolidation	Appointive Power of Governor	Retention of Boards and Commissions	Management Authority Kept by Agencies
Traditional	High	Low	Low	High	High
Cabinet	Medium	Medium	Moderate	Moderate	Low
Secretary-Coordinator	Low	High	High	Low	Moderately High

SOURCE: Adapted from Garnett and Levine (1978).

utility of expending limited resources would then be questioned.

This research effort will be directed toward an examination of the impact of reorganization on a wide range of public policy measures. If the results are consistent with the findings for urban reform and legislative reform, then the movement to reorganize state bureaucracy becomes an exercise in futility.

Notes

[1]Members of minority groups have expressed the opinion that at-large systems serve to prevent minority representation on city councils. Some cities that have initiated this particular reform have found it necessary to defend their electoral system in the federal courts. Keech (1972) found that the Black community could affect policy only when a ward system was used or when Blacks constituted a majority of the registered voters in a city.

[2]These business principles include:

1. Grouping activities by purpose, process or clientele;
2. Hierarchical organization structure;
3. Narrow "span of control";
4. A clear "chain of command";
5. Personnel appointments and promotion on the basis of ability;
6. Executives should control the expenditures of administrative units;
7. Executives should have the authority to appoint and remove subordinates. (Lepawsky, 1949; chapter 8).

[3]Brett W. Hawkins presents a discussion of the environmental correlates of urgan governmental forms in chapter 2 of Politics and Urban Policies. He reached the guarded conclusion that social and economic factors appear to have an effect on the structure of urban government.

[4]Reformed cities were defined as those with the council-manager or commission form of government, nonpartisan elections, and at-large representation.

[5]David and Eisenberg (1961) found that the "value" of votes cast by urban legislators was significantly lower than that for rural legislators. Dauer and Kelsay (1955) had found similar results in their earlier study.

[6]The courts argued that citizens could remedy the problem by electing legislators sympathetic to their pleas and willing to adopt redistricting plans (Colegrove v. Green, 328 U.S. 549 (1946).

[7]The "federal analogy" involved citing the fact that the U.S. Senate is apportioned on a geographical basis while the U.S. House of Representatives is apportioned on the basis of population. Some states used the federal model in an attempt to justify malapportionment in the upper house of the state legislature.

[8]For additional discussion on state legislative reapportionment, see Dye (1965), Jacob (1965), and Brady and Edmonds (1966).

[9]The findings were released in two versions. The official report was published by Praeger while a popularized version entitled <u>The Sometime Governments</u> was published by Bantam Books the same year.

CHAPTER III

METHODOLOGY

While the advocates of state executive branch reorganization have consistently argued that increased economy and efficiency of government operations will be achieved after implementation of a well-planned reorganization, very little empirical research has been conducted to determine the validity of this basic assumption. The bulk of the literature has been directed toward presenting techniques for achieving reorganization and making claims for the anticipated benefits which executive branch reorganization will produce (see Buck, 1950; Fain, 1977; Hawkins, 1978a; Watson, 1978; and Weinberger, 1978).

One exception is the work of Meier (1980: 396-412) which examined the impact of state executive reorganization on employment and expenditures for sixteen states which recognized after 1965. Meier found that executive branch reorganization did not result in either a long or short term reduction in employment or expenditures at the state level. Despite these negative findings, Meier was unwilling to draw the conclusion that reorganization served no useful purpose. He hypothesized that while total expenditures and total employment might remain unaffected, reorganization might have an impact on specific policy areas as a result of the strengthened executive control over the bureaucracy. This research is intended to investigate that question.

Socioeconomic and Political Correlates of Public Policy

Since the 1950s the social science literature has contained numerous studies examining the effect of social, economic, and political variables on public policy.[1] While this research effort focuses exclusively on the relationship between one political variable (reorganization) and public policy, it follows the trend established by the earlier research. It is therefore useful to review some of the findings and assumptions from the previous studies.

A classic investigation of the determinants of public policy was that of Solomon Fabricant (1952) which examined the relationship between state and local expenditures and certain socioeconomic variables. Fabricant found that 72 percent of the variation in per capita expenditure could be explained by three variables: per capita income, population density and percent urban. When these variables were utilized to predict spending in specific functional categories, their explanatory power remained high. Fabricant's focus and methodology served to guide much of the subsequent public policy research.

Glen Fisher (1962: 349-55) expanded Fabricant's findings by utilizing his multiple regression approach and socioeconomic independent variables in a study of the determinants of state expenditure policy. Fisher found that while the explanatory power of the socioeconomic variables had decreased since 1952, they retained a "high level of explanatory power relative to absolute levels of expenditure." Fisher published a later article (1964) in the National Tax Journal examining state expenditure policy following this same approach with results which supported Fabricant's original findings. While the orientation of these early efforts focused primarily on the relationship between socioeconomic characteristics of states and public policy, later investigators attempted to include independent variables which reflected the political environment of the state.

Thomas Dye (1966, 1969a, 1969b) published a number of studies which included socioeconomic and political variables in an attempt to explain state policies. In Politics, Economics, and the Public, Dye utilized correlation and multiple regression to analyze the effect of a wide range of socioeconomic and political variables on public policy. He was successful in explaining up to 74 percent of the variance in some categories of per capita expenditures.[2] This relatively high level of explanatory power was partially a result of including a large number of socioeconomic and political measures as independent variables in the regression analysis. Even though Dye did not show restraint as he formulated his equations, his results were consistent with the earlier findings of Fabricant and Fisher. Dye's research did add to the understanding of policy choices in that he found that socioeconomic variables had a much stronger influence on public policy than did political variables. In his words:

> ". . . correlation analysis reveals that these political system characteristics have relatively little independent effect on policy outcomes in the states. Economic development shapes both the political system and political outcomes, and most of the association that occurs between system characteristics and policy outcomes can be attributed to the influence of economic development. Differences in the policy choices of states with different types of political systems turn out to be largely a product of different socioeconomic levels rather than a direct product of political variables." (Dye, 1966: 293)

Public policy, when measured as per capita expenditures, did not seem to be associated strongly with political variables.

Dye (1969a) also examined the relationship between state executive structure and public policy.[3] Fragmentation of structure was measured as the number of popularly elected executive branch officials. As the number of officials appointed by the governor increased, the degree of fragmentation decreased. The study failed to reveal any differences between the policy choices of fragmented and unfragmented state governments. Dye concluded that fragmented and unfragmented state executives pursued the same policies and that the differences that did exist could be attributed to socioeconomic factors. Policy did not appear to be a consequence of the organizational structure of the state executive branch of government.

Ira Sharkansky investigated the factors influencing public policy in a series of studies (1971; 1969; 1968; 1967a; 1967b). His findings were generally consistent with those of Dye. The explanatory power of socioeconomic variables was found to be far greater than was the explanatory power of political variables, although Sharkansky did include certain governmental variables (e.g., level of previous state spending) that proved to be important predictors.

Other researchers began to focus on the relationship between political variables and specific policy areas. Dawson and Robinson (1963) found that the relationship between inter-party competition and state welfare policy existed only when per capita income measures were excluded. When per capita income was introduced, the relationship between party competition and welfare policy disappeared. Cnudde and McCrone (1969) found similar results in their later study. Socioeconomic variables reduced the impact of party competition on state welfare policies.

Richard Hofferbert (1966) followed the approach of Dawson and Robinson in their study of the relationship between policy and political variables. Hofferbert controlled for region (South, non-South) in his analysis and found that even with controls for geographic region, political variables continued to have very little impact on public policy.

The conclusion drawn consistently in the literature is that public policy is primarily a product of the socioeconomic environment of the states and that the impact of political variables is minimal (see Dye, 1967; Jacob and Lipsky, 1968; Pulsipher and Weatherby, 1968; Hanson, 1963; Sullivan, 1973; and Carmines, 1974).

It should be noted that virtually all of the studies examining the relationship between socioeconomic and political variables and public policy have been cross-sectional in nature. There has not been an attempt to examine the effects of structural changes on state policy over time. It has been observed that these two approaches can produce dramatically different results (Gray, 1976). This research effort will employ time-series analysis in an attempt to determine if structural change produces policy changes over time. It is possible that the earlier research failed to find evidence of a link between policy and political system characteristics due to the nature of the cross-sectional research design employed.

The Selection of States and Policy Areas for Analysis

In any effort to determine the effect of reorganization (or any other variable) on public policy, it is necessary to operationalize a measure of public policy. The approach which has gained wide acceptance in the literature is the use of expenditures as a measure of public policy. In keeping with the established convention, this research will also employ state expenditures as measures of policy.[4]

As stated in chapter one, nineteen states have undergone extensive executive branch reorganization since 1965. The research design to be employed requires that each reorganized state be matched with a similar unreorganized state for control purposes. This would involve including some thirty-eight states in the analysis. Annual expenditure data for over twenty functional categories for every state is readily available in the Bureau of Census publication State Government Finance. If all expenditure categories and all reorganized states were selected for analysis, it would be necessary to utilize some 760 regression equations in the analysis.[5] As will be discussed in the following section, the regression equations are simply the first step in the analysis process. Residuals from each equation must be examined to determine whether or not autocorrelation exists. If autocorrelation is discovered, further steps must be taken before the results can be analyzed with any effective degree of accuracy. This clearly borders on taking a "shotgun" approach to the investigation and involves a level of analysis that is beyond the scope of this research effort. In order to reduce the task to manageable proportions, a theoretically justifiable method of selection became a necessity. The following approach was employed.

The general research question guiding this investigation involves determining whether or not reorganization has an impact on specific policy areas due to increased gubernatorial control over the state bureaucracy. It would be possible to select the five or six policy areas for analysis which account for the majority of each state's budget. This would include: education, highways, welfare and health for most states. However, the selection of these policy areas would not allow the research question to be answered with complete confidence. Not all governors are equally concerned with the same policy areas and therefore could fail to exercise the increased degree of control possible after reorganization. Also, some of these policy areas are frequently beyond the direct control of the governor.[6] The most satisfactory technique requires that the priorities of the individual governors determine the policy areas to be selected for analysis.

This can be accomplished by examining either the inauguration address or the state of the state message delivered by the governor holding office at the time a reorganization is effected. Through content analysis of these messages, the priorities of the governors can be determined. This information was obtained for fourteen of the nineteen reorganized states.[7] Twelve of the messages contained substantial references to specific policy areas of concern to the governors. The messages of Governor Russell W. Peterson (Delaware) and Governor Edwin Edwards (Louisiana) did not contain references to specific policy concerns of the newly elected governors. Table 3-1 presents a summary of the policy areas selected for analysis

Table 3-1

Policy Areas Selected for Analysis

State	Governor	Reorganization	Policy Areas
California	Reagan	1968	Education, Welfare, Natural Resources, Police
Colorado	Love	1968	Education, Natural Resources, Police
Georgia	Carter	1973	Education, Natural Resources, Police
Idaho	Andrus	1974	Natural Resources
Kentucky	Ford	1973	Education, Natural Resources, Health, Police
Massachusetts	Sargeant	1971	Welfare, Highways, Natural Resources, Police, Health
Maryland	Mandel	1970	Education, Welfare, Health, Police
Missouri	Bond	1974	Education, Welfare, Natural Resources, Highways
Maine	Curtis	1971	Education, Natural Resources, Highways, Police
South Dakota	Kneip	1973	Natural Resources
Virginia	Holton	1973	Education, Natural Resources, Highways
Wisconsin	Knowles	1976	Education, Welfare, Highways, Natural Resources

based on the priorities of the governors. After successfully reducing the number of policy areas to a manageable size, the next task involved matching each of the reorganized states with a similar unreorganized state.

The policy areas displayed in table 3-1 represent a relatively wide range of policy concerns. It is interesting to note that the number of areas of gubernatorial concern appear to be related to population density and region. The governors of the two sparcely populated states mentioned only one policy area. The governors of the southern states mentioned three or four areas of concern while the governors of the industrialized states were concerned with five or six policy areas. This might be a manifestation of different political cultures which mold attitudes concerning the proper role of state government. A final determination of these issues is beyond the scope of this research effort.

The experimental states were the reorganized states selected for analysis based on the availability of the governors' policy preferences. Each experimental state must be matched with a control (unreorganized) state. This matching procedure was accomplished by using Luttbeg's (1971) classification of the American states.[8] It is necessary that a close match be made for the experimental and control state (Cook and Scioli, 1975: 114). A close match requires that the two states share similar socioeconomic and political characteristics with similar policy choices before the intervention (reorganization). Any observed policy changes after reorganization might then be attributed to the intervention.

Luttbeg's factor analysis produced loadings of each state on one of four factors: Industrialization, Southern, Sparce Population and Frontier. Table 3-2 presents the matched states based on the factor loadings.

Examination of the pairs can result in questions concerning the validity of the matching process. One problem involves the match of California and New York. Both states loaded highly on the industrialization factor (.72 and .85 respectively) but are on opposite coasts. The eleven remaining pairs are matched with states within the same geographic region. Yet matching California with any other state does not seem feasible. Other states present problems as well. Virginia should probably be matched with North Carolina instead of South Carolina, but this is not possible because North Carolina reorganized in 1971. Considering these and other limitations, the matches produced seem acceptable for the purpose of this research effort.[9]

The Research Design

As noted in the first section of this chapter, most of the analyses in the literature investigating public policy have been cross-sectional in nature. In this research effort a quasi-experimental multiple time-series design is employed

Table 3-2

Pairs of Matched States

Experimental State	Category[a]	Loading[b]	Control State	Category	Loading
California	Industrial	.72	New York	Industrial	.85
Colorado	Sparce Population	.41	Kansas	Sparce Population	.55
Georgia	Southern	.93	Alabama	Southern	.96
Idaho	Sparce Population	.75	Wyoming	Sparce Population	.67
Kentucky	Southern	.75	Tennessee	Southern	.93
Massachusetts	Industrial	.72	New Jersey	Industrial	.81
Maryland	Industrial	.45	Pennsylvania	Industrial	.79
Missouri	Southern	.48	Oklahoma	Southern	.61
Maine	Industrial	.48	New Hampshire	Industrial	.58
South Dakota	Sparce Population	.89	North Dakota	Sparce Population	.84
Virginia	Southern	.62	South Carolina	Southern	.92
Wisconsin	Industrial	.64	Minnesota	Industrial	.59

[a]Category and factor loading based on Luttbeg's (1971) analysis.

[b]While all three factors were used to match the state, only the highest factor loading for each state is displayed.

(see Campbell and Stanley, 1966: 55-7). In order to properly investigate the impact of reorganization on policy, this longitudinal approach is better suited to the task than a cross-sectional study which is limited to one time period. If reorganization has an impact on policy, the spending patterns of the state will be altered. If increased economy and efficiency of operations is derived from a reorganization, any given state will spend less after a reorganization than if it had not reorganized. The research question and theory are tied to a longitudinal as opposed to a cross-sectional design.

Since the research question is longitudinal in nature, it is necessary to test for both long and short term effects. Government reorganization is marked by a change in the normal operating procedures of the bureaucracy. It can therefore be treated as an intervention in a quasi-experiment following Campbell and Stanley (1966). The state expenditures which have been selected as measures of public policy can be observed over time. It is then possible to test for both long and short term effects through the utilization of the time-series design in the following diagram:

$$0_1 \quad 0_2 \quad 0_3 \quad 0_4 \quad X \quad 0_5 \quad 0_6 \quad 0_7 \quad 0_8$$

In this diagram the characters 0_1, 0_2 . . . 0_8 are observations of state policy, as measured by per capita expenditures, for every year. The X represents the intervention or the reorganization. It is possible to assess the impact of reorganization on policy by comparing the levels of expenditures before and after the intervention. This particular design was typical of that utilized in the experiments in the nineteenth-century physical and biological sciences (Campbell and Stanley, 1966: 37).

This particular approach eliminates many of the internal and external validity[10] threats. The internal threats of maturation, testing, instrumentation, regression, selection, mortality and interaction between any number of these threats are eliminated by this design. The design is subject to three external threats: (1) interaction between testing (gathering the expenditure data) and the experimental intervention (the act of reorganization), (2) interaction between selection for inclusion in the study and the intervention and (3) reactive arrangements resulting from exposure to the experimental intervention.

These external validity threats are of no concern to this investigation and can be dismissed without worry. The first threat can be dismissed since the data are reported by all states on an annual basis without regard for the implementation of any reorganization. Data gathering does not affect the behavior of the states. The second threat is not a problem since selection for inclusion in this study cannot interact with the process of reorganization. The third threat is of no concern since the reorganization intervention takes place in the "real world" where reactive arrangements from an experimental setting cannot occur.

The one serious threat from this particular design is internal: history (Campbell and Stanley, 1966). The design fails to eliminate the possibility that any policy change might be the product of some other event or combination of events occurring at the same time as the intervention. This problem has been illustrated in the classic analysis of the 1956 crackdown on speeding by the state of Connecticut (Campbell and Ross, 1968). Before the crackdown the number of highway fatalities in Connecticut was recorded as 324. The year after the crackdown (1956) the number of fatalities had been reduced by 12.3 percent to 284. Public officials hailed the program as a success and worthy of continuation due to the dramatic reduction in the highway death rate. The problem is that other plausible explanations for the decrease in fatalities existed. The safety factor for automobiles might have changed,[11] weather conditions could have changed resulting in safer driving conditions, new highway construction might have eliminated hazardous sections of roadway, and any number of other events might have transpired to make driving less dangerous than in the period preceding the crackdown. The approach utilized by Campbell and Ross involved treating Connecticut as the experimental state and then comparing traffic fatality data with similar states which had not experienced a crackdown on speeding. The researchers adopted a multiple time-series design to minimize the threat of history.

The multiple time series design is illustrated in the following diagram:

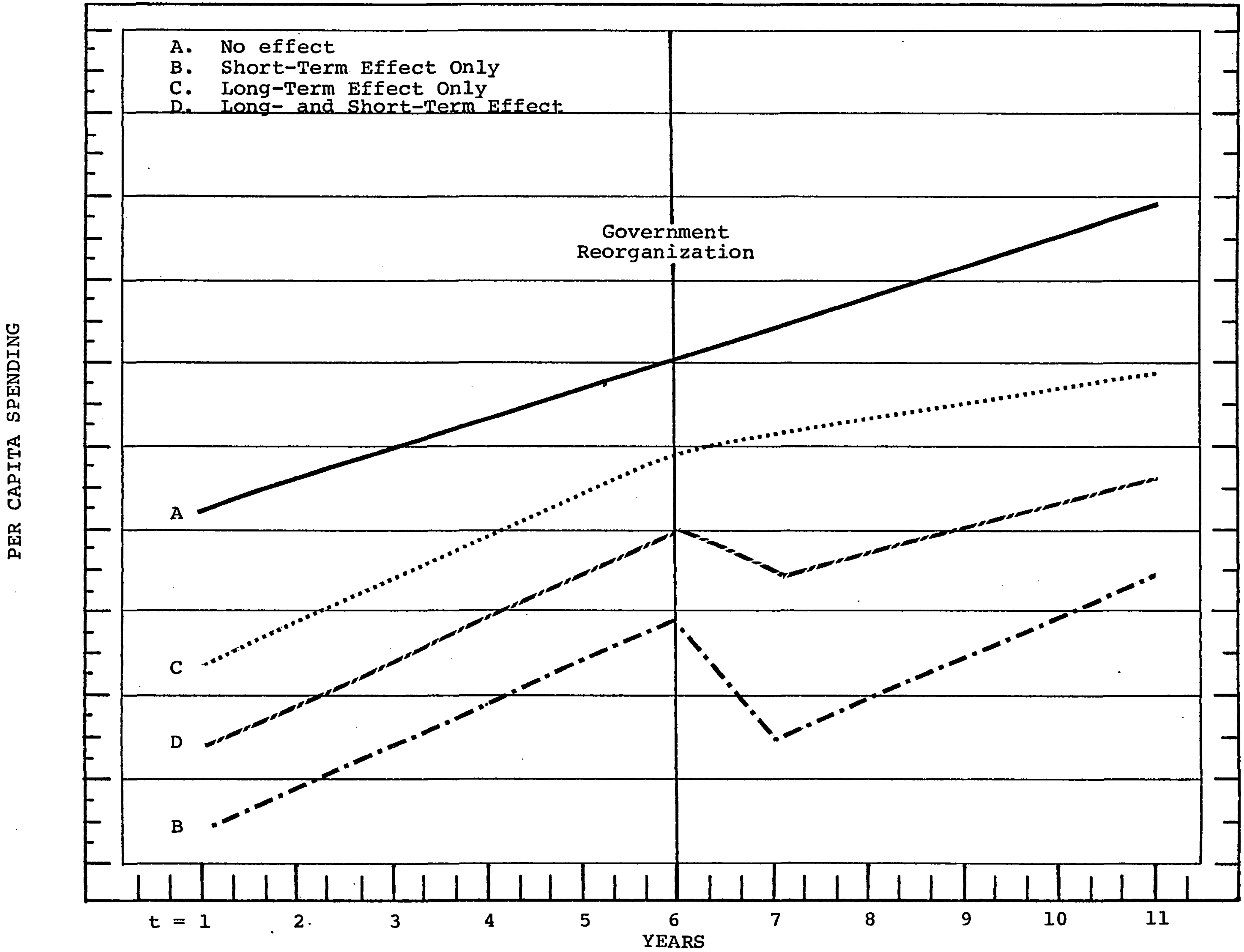
Experimental State $0_1\ 0_2\ 0_3\ 0_4\ X\ 0_5\ 0_6\ 0_7\ 0_8$

Control State $0_1\ 0_2\ 0_3\ 0_4\quad 0_5\ 0_6\ 0_7\ 0_8$

If each of the experimental states is carefully matched with a similar control state, the threat of history is minimized. Since both states exhibit similar socioeconomic and political characteristics, any policy change observed after the reorganization can safely be attributed to the reorganization. As a result of utilizing this design, the validity threats are minimized, and the analysis should provide an accurate assessment of the policy consequences of state executive branch reorganization.

After operationalizing this design, the next step involves selecting a procedure for evaluating the policy impact of reorganization. It is possible for reorganization to have four different effects on policy. These effects can be displayed graphically as in figure 3-1. The vertical line in the figure indicates the point at which the reorganization was implemented. The solid line "A" represents no change in policy following the intervention (reorganization). The slope of the line remains unchanged. Line "B" indicates that the reorganization did in fact have a short term effect. A distinct downward shift occurred for the year after the reorganization (this is a change in the intercept or level of

FIGURE 3-1. HYPOTHETICAL RELATIONSHIPS FOR A GOVERNMENT REORGANIZATION OVER TIME



spending), yet the slope of the line remains unchanged. The dotted line "C" represents a long term impact. The intercept remains unchanged, but the slope of the line has decreased. The state continues to spend more but does so at a reduced rate. Finally, line "D" represents both long and short term effects. There is an immediate change in level (the intercept) which is accompanied by a long term change in slope. In this case, the level of spending is reduced following a reorganization, and the increase in spending occurs at a reduced rate.[12] Given the strong statements made in support of reorganization by its proponents, the time-series analysis should produce a line similar to either "B," "C " or "D."

While it is possible to utilize a graph to display the relationship between spending and reorganization over time for each state and each policy area, it would be difficult to arrive at an accurate analysis based on a visual "eyeballing" of the charts. A more reliable approach requires that the effects be estimated statistically. This can be accomplished in a regression equation in which time is the independent variable used to predict the level of spending. Such an equation is represented in the following model (McCain and McCleary, 1979):

$$Y_t = a + b_1 X_{1t} + e_t$$

Where Y_t is a state's level of per capita spending,

X_{1t} is a time variable coded 1, 2, 3, . . . n,

a is a constant,

e_t is an error term,

and b_1 is the slope estimated by regression.

Since this research effort is concerned with both the interruption and with post-intervention change, an interrupted time-series equation is used. The following model represents this regression equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

where Y is a state's level of spending,

X_1 is a time variable coded 1, 2, 3, . . . n,

X_2 is dummy variable equal to zero before the reorganization and 1 after the reorganization,

X_3 is equal to zero before the reorganization and is a time variable after the reorganization (e.g., 0, 0, 0, 1, 2, 3),

a is a constant,

e is an error term,

and b_1, b_2, b_3 are the slopes estimated by multiple regression.

It is possible to estimate the long and short term effects of reorganization with this model. The parameter b_2 represents a change in the level (intercept) following a reorganization. If this value is statistically significant and greater than zero, the reorganization produced a short term effect. The parameter b_3 represents a post-intervention change in slope. If this value is statistically significant and greater than zero, the reorganization produced a long term effect. If no effect is produced, the time parameter b_1 will so accurately predict state spending that neither the intercept (b_2) nor the slope (b_3) will be significantly different[13] from zero.

This regression equation is the first step in the statistical analysis. The results produced may be threatened by autocorrelation (see Hibbs, 1974: McCain and McCleary, 1979). When autocorrelation exists, a higher correlation exists for adjacent time points than for those located some distance away. This can be a problem in expenditure analysis due to the incremental nature of policy decisions (see Wildavsky, 1964). The presence of autocorrelation may result in autocorrelated regression residuals which will produce an underestimation of the errors in the regression coefficients. If this problem is not addressed, the model may overestimate the difference between pre- and post-intervention. This means that the significance of the reorganization will be overestimated.

Fortunately the problem of autocorrelation can be handled through application of a series of techniques known as ARIMA: autoregressive integrated moving average (Box and Jenkins, 1970; Pack, 1976; Hibbs, 1974). Basically the procedure involves examining the residuals produced by ordinary least squares regression to determine whether or not autocorrelation exists. If the residuals are not autocorrelated, the regression estimates may be considered unbiased and interpreted accordingly. If the residuals are autocorrelated, the Box-Jenkins procedures may be utilized to identify the nature of the autocorrelation and arrive at new estimates for the regression model. In the event that autocorrelation is found to exist, the exact procedures to be followed will be explained in greater detail as part of the analysis.

The interrupted time-series analysis involves four basic steps. First, multiple regression is utilized to estimate the model and produce the residuals. Second, the residuals are examined for autocorrelation. If the residuals resemble "white noise" then autocorrelation is not a problem and the researcher may move directly to step four. The third step is taken when the residuals are autocorrelated and involves a series of actions. An ARIMA model is identified and used to make new estimates and calculate new residuals. Only when these residuals resemble "white noise" is it possible to move to step four. A series of iterations may be required at this step. The fourth step involves interpreting the inferential statistics produced by the regression and evaluating the impact of the intervention (reorganization in this case).

Summary

This research effort focuses on an examination of the effects of executive branch reorganization on selected state policies as measured by per capita expenditures. Each reorganized state was matched with a similar unreorganized state as a technique to control for the internal threat of history. The effect of reorganization can be estimated by comparing the direction and statistical significance of the regression coefficients for the matched states in each policy area. Reorganization will be evaluated as having an impact only when the regression coefficients for the reorganized states are different from those for the unreorganized states. If no difference exists between the coefficients, then the reorganization will be considered as having no effect.

Notes

[1]Socioeconomic variables measure the demographic and economic characteristics of a state. Examples of these types of variables include: percent urban, percent rural, per capita income, percent industrialized, percent white, percent employed in agriculture and population density. Political variables measure the political characteristics of a state. Examples of political varriables include: level of party competition, percent vote for either the Democratic or Republican party in general elections, measures of partisan control of state government, and measures of the structure of government (i.e., fragmented, non-fragmented; reorganized, unreorganized).

[2]Dye (1966) employed a lengthy list of independent variables in his equations. Some of these were highly correlated with each other. This approach of including large numbers of often highly correlated independent variables opens the door to problems of multicolinearity which threaten the validity of the analysis.

[3]Dye's (1966) approach was cross sectional in nature. He did not attempt to match fragmented and unfragmented states and employ a quasi-experimental design.

[4]It can be argued that expenditures are not an adequate measure of policy. While most researchers would prefer to utilize some other measure of policy, alternative measures are neither as readily available nor as easily operationalized.

[5]The figure 760 was obtained by multiplying thirty-eight states (nineteen reorganized matched with nineteen unreorganized) times twenty functional expenditure or policy areas (38 x 20 = 760).

[6]Higher education is one example. In most states the college and university system is insulated from the direct control of the governor by Boards of Regents or Coordinating Boards. Government reorganizations do not generally tamper with this insulated status of higher education.

[7]For a variety of reasons it was not possible to obtain the necessary information for the following states: Arkansas (1971), Florida (1968), Michigan (1965), Montana (1971) and North Carolina (1971).

[8]Luttbeg's analysis involved the use of data for 1960, which are somewhat dated today. It was selected as a guide due to the absence of other appropriate classification schemes in the literature.

[9]The matching procedure was based on the loadings of each state on all four factors produced by Luttbeg. The matched-pairs produced are therefore the best possible combination given the constraints involved. Where the matched pairs are not as similar as would be desired, the conclusions of the analysis must be considered as tentative in nature.

[10]<u>Internal</u> validity concerns determining whether or not the intervention did in fact cause a change. In this study, internal validity asks the question: "Did the reorganization make a difference in state policy?" The threat to internal validity involves attributing change to reorganization when some other force or factor actually produced the change. <u>External</u> validity involves the issue of generalizability to other states. If the results cannot be generalized to other states, the results of the analysis are of reduced value.

[11]In September of 1955 the Ford Motor Company introduced its 1956 model line with several safety improvements. These included seat belts, deep dish steering wheels, and an improved collapsing steering column. While the number of 1956 model Ford Motor Company vehicles would be a small percentage of vehicles on the highways, this introduction of a major change in the inherent safety of a particular motor vehicle illustrates the plausibility of alternate explanations for the decrease in traffic deaths.

[12]It should be noted that an actual decline in state spending is not required to produce a statistically significant change in intercept. A sharp one-year slowdown in the rate of spending might yield the same effect.

[13]In social science literature the issues surrounding tests of significance have been debated thoroughly (see Skipper and Nuss, 1967; Labovitz, 1968; Selvin, 1957; Kish, 1959; Gold, 1969; and Winch and Campbell, 1969). For purposes of this research, the .01 level of significance was selected.

CHAPTER IV

ANALYSIS

Analysis of the data was accomplished through the application of the quasi-experimental time-series technique discussed in Chapter III. A total of seven policy areas were incorporated based on the criterion of gubernatorial concern. These policy areas and the reorganized states in which they were issues of importance to the governors, as indicated in either their inauguration address or state of the state message, are listed in table 4-1. Interrupted time-series regression was performed for each reorganized state and its matched pair state for the appropriate policy areas as listed in the table. As a result, forty-two regression equations were produced for analysis.[1]

These regression equations are presented in table 4-2 for the reorganized states and in table 4-3 for the unreorganized states. The interpretation of the regression coefficients presented in these tables allow an evaluation of the impact of state executive branch reorganization on public policy.

The dependent variable in each equation is per capita expenditure for the policy area of the state listed

Table 4-1

Policy Areas Selected for Analysis

Policy Area	Reorganized States Included
Agriculture	South Dakota
Education	California, Colorado, Georgia, Kentucky, Maine, Maryland, Missouri, Virginia, Wisconsin
Health	Kentucky, Maryland, Massachusetts
Highways	Maine, Massachusetts, Missouri, Virginia, Wisconsin
Natural Resources	California, Colorado, Georgia, Idaho, Kentucky, Maine, Massachusetts, Missouri, South Dakota, Virginia, Wisconsin
Police	California, Colorado, Georgia, Kentucky, Maine, Maryland, Massachusetts, Missouri
Welfare	California, Maryland, Massachusetts, Missouri, Wisconsin

Table 4-2

Regression Coefficients for OLS Equations for Reorganized States to Test for Significance of Change Due to Administrative Reorganization (Betas in Parenthesis)

State and Policy Area	Independent Variables							
	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
California (1968)								
Education	5.29 (.28)	ns	-42.58 (-.21)	ns	22.94 (.87)	<.01	.97	5.09
Nat. Res.	3.09 (2.94)	<.01	-6.71 (.58)	ns	-2.96 (-2.01)	<.01	.80	1.71
Police	.32 (.62)	<.01	-.62 (-.01)	ns	.28 (.38)	ns	.96	
Welfare	7.76 (.50)	<.01	7.10 (.04)	ns	10.23 (.47)	<.01	.97	5.35
Colorado (1968)								
Education	12.81 (.63)	<.01	-29.78 (-.13)	ns	14.49 (.49)	<.01	.99	3.71
Nat. Res.	.79 (.95)	<.01	.67 (-.07)	ns	.13 (.11)	ns	.98	
Police	.14 (.33)	ns	-.54 (-.11)	ns	.46 (.75)	<.01	.97	1.77

Table 4-2, continued

State and Policy Area	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
	Independent Variables							
Georgia (1973)								
Education	12.14	<.01	-7.92	ns	10.97	<.01	.99	4.08
	(.69)		(-.06)		(.38)			
Nat. Res.	1.54	<.01	3.54	ns	-1.66	<.01	.95	5.69
	(1.30)		(.43)		(-.86)			
Police	.40	ns	1.06	ns	.06	ns	.82	
	(.63)		(.24)		(.05)			
Idaho (1974)								
Nat. Res.	1.91	ns	7.14	ns	-.21	<.01	.99	2.90
	(.64)		(.37)		(-.04)			
Kentucky (1973)								
Education	16.08	<.01	-33.11	ns	20.31	<.01	.99	2.90
	(.67)		(-.19)		(.52)			
Health	.99	ns	-2.02	ns	2.34	<.01	.98	1.14
	(.44)		(-.14)		(.69)			
Nat. Res.	1.31	ns	7.44	ns	-1.28	ns	.68	
	(.66)		(.54)		(-.39)			
Police	.54	ns	-1.85	ns	1.46	<.01	.98	1.20
	(.45)		(-.22)		(.74)			

Table 4-2, continued

State and Policy Area	Independent Variables							
	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
<u>Maine</u> (1971)								
Education	16.40 (.87)	<.01	-35.63 (-.20)	ns	9.55 (.30)	ns	.98	
Highways	3.14 (.83)	ns	4.86 (.14)	ns	-.25 (-.04)	ns	.86	
Nat. Res.	1.06 (.60)	ns	1.88 (.11)	ns	.81 (.27)	ns	.93	
Police	.42 (.93)	ns	.31 (.07)	ns	-.06 (-.08)	ns	.87	
<u>Maryland</u> (1970)								
Education	13.47 (.66)	<.01	27.67 (.15)	ns	7.27 (.21)	ns	.98	
Health	.66 (.35)	ns	-8.40 (-.48)	ns	3.07 (.98)	<.01	.90	6.93
Police	1.70 (.99)	<.01	-4.36 (-.27)	ns	.66 (.23)	ns	.95	
Welfare	7.46 (.71)	<.01	5.46 (.05)	ns	4.40 (.25)	<.01	.99	7.08

Table 4-2, continued

State and Policy Areas	Independent Variables							
	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
Massachusetts (1971)								
Health	.03	ns	-6.41	ns	4.57	<.01	.88	2.45
	(.01)		(-.28)		(1.14)			
Highways	.77	ns	2.43	ns	5.24	<.01	.84	5.44
	(.28)		(.09)		(1.08)			
Nat. Res.	.13	ns	1.29	ns	-.02	ns	.61	
	(.34)		(.33)		(-.02)			
Police	.12	ns	2.13	ns	.44	ns	.78	
	(.27)		(.50)		(.57)			
Welfare	.13	ns	45.08	ns	19.62	ns	.83	
	(.01)		(.25)		(.61)			
Missouri (1974)								
Education	12.45	<.01	6.12	ns	-.25	ns	.97	
	(.93)		(.07)		(-.21)			
Highways	3.51	ns	12.54	ns	-2.21	ns	.85	
	(.76)		(.43)		(-.27)			
Nat. Res.	.23	ns	-.17	ns	1.17	ns	.92	
	(.26)		(-.03)		(.74)			

Table 4-2, continued

	Independent Variables							
State and Policy Area	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
Missouri, cont.								
Police	.57 (1.04)	<.01	-1.66 (-.48)	ns	.33 (.33)	ns	.93	
Welfare	4.40 (.74)	<.01	-6.27 (-.16)	ns	4.40 (.42)	ns	.98	
South Dakota (1973)								
Agriculture	.66 (.50)	ns	1.99 (.22)	ns	.54 (.26)	ns	.88	
Nat. Res.	1.17 (.57)	ns	8.04 (.57)	ns	-.54 (-.16)	ns	.92	
Virginia (1973)								
Education	16.00 (.83)	<.01	10.06 (.07)	ns	3.46 (.11)	ns	.99	
Highways	4.82 (.59)	ns	11.22 (.20)	ns	2.80 (.21)	ns	.95	
Nat. Res.	.66 (.90)	ns	4.66 (.93)	ns	-1.46 (-1.23)	ns	.75	

Table 4-2, continued

State and Policy Area	Independent Variables							
	Time[a]	F-Value	Intervention Intercept[b]	F-Value	Intervention Slope[c]	F-Value	R^2	Pack's* Q
Wisconsin (1967)								
Education	14.45 (.80)	<.01	-11.70 (-.06)	ns	6.56 (.25)	<.01	.99	7.55
Highways	1.70 (.69)	ns	-1.26 (-.04)	ns	1.11 (.32)	ns	.93	
Nat. Res.	.61 (1.04)	<.01	.43 (.06)	ns	-.12 (-.15)	ns	.94	
Welfare	3.01 (.24)	ns	-26.58 (-.19)	ns	16.26 (.91)	<.01	.98	7.23

[a]The average annual per capita increase.

[b]The short-term effect, expressed as the per capita dollars added to or subtracted from the budget in the year immediately following reorganization.

[c]The long-term effect, expressed as the average change in the annual budget over the period of five years following reorganization.

*The Q statistic is interpreted by using the Chi Square distribution with 3 degrees of freedom. A value of 11.341 is required for statistical signifiance at the .01 level. Autocorrelation is of concern only if the Q is significant.

Table 4-3

Regression Coefficients for OLS Equations for Unreorganized States (Betas in Parentheses)

State and Policy Area	Independent Variables							
	Time[a]	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's[b] Q
Alabama								
Education	16.74 (.66)	<.01	-.79 (-.01)	ns	15.15 (.37)	<.01	.97	3.88
Nat. Res.	1.80 (1.49)	<.01	.20 (.02)	ns	-1.28 (-.65)	ns	.91	
Police	.40 (.66)	<.01	1.13 (.27)	ns	.08 (.08)	ns	.91	
Kansas								
Education	10.16 (.62)	<.01	-36.74 (-.20)	<.01	12.89 (.54)	<.01	.98	1.97
Nat. Res.	.50 (.47)	<.01	-.65 (-.05)	ns	.88 (.58)	<.01	.99	8.38
Police	.18 (.66)	ns	1.04 (.35)	ns	-.03 (-.08)	ns	.83	

Table 4-3, continued

State and Policy Area	Independent Variables: Time	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's Q[b]
Minnesota								
Education	11.73 (.46)	<.01	-18.85 (-.06)	ns	21.54 (.60)	<.01	.99	2.83
Highways	3.98 (1.18)	ns	-5.81 (-.15)	ns	-.89 (-.18)	ns	.78	
Nat. Res.	.45 (.33)	ns	-2.72 (-.18)	ns	1.54 (.80)	<.01	.96	6.60
Welfare	2.48 (.25)	<.01	-13.96 (-.12)	ns	12.52 (.86)	<.01	.99	2.53
New Hampshire								
Education	12.20 (1.17)	<.01	-15.37 (-.16)	ns	-.92 (-.06)	ns	.98	
Highways	3.30 (.74)	<.01	1.18 (.02)	ns	1.80 (.24)	ns	.96	
Nat. Res.	.37 (.63)	ns	1.76 (.33)	ns	-.13 (-.13)	ns	.66	
Police	.37 (.74)	ns	1.15 (.25)	ns	-.03 (-.02)	ns	.89	

Table 4-3, continued

State and Policy Area	Time	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's[b] Q
	Independent Variables							
New Jersey								
Health	.46 (.52)	<.01	.37 (.04)	ns	.80 (.46)	<.01	.97	3.58
Highways	5.83 (2.25)	ns	-14.75 (-.61)	ns	-7.26 (-1.43)	ns	.75	
Nat. Res.	.06 (.04)	ns	2.77 (.20)	ns	1.53 (.54)	ns	.56	
Police	.41 (.77)	ns	.18 (.04)	ns	.20 (.20)	ns	.98	
Welfare	6.99 (.96)	<.01	3.15 (.32)	ns	-4.11 (-.21)	ns	.99	
New York								
Education	13.57 (.80)	<.01	15.83 (.08)	ns	3.22 (.13)	ns	.99	
Nat. Res.	.46 (1.31)	ns	1.80 (.46)	ns	-.54 (-1.05)	ns	.71	
Police	.18 (.45)	ns	.51 (.12)	ns	.22 (.39)	ns	.86	
Welfare	6.68 (.43)	<.01	23.45 (.14)	ns	10.38 (.46)	<.01	.98	4.11

Table 4-3, continued

	Independent Variables							
State and Policy Area	Time	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's[b] Q
<u>North Dakota</u>								
Agriculture	.17 (.08)	ns	3.57 (.24)	ns	2.40 (.69)	<.01	.95	3.46
Nat. Res.	.48 (.16)	ns	4.49 (.21)	ns	3.17 (.63)	ns	.94	
<u>Oklahoma</u>								
Education	24.77 (1.10)	<.01	-26.93 (-.19)	ns	2.12 (.05)	ns	.98	
Highways	7.00 (1.82)	<.01	-8.57 (-.35)	ns	-6.50 (-.94)	ns	.71	
Nat. Res.	1.51 (1.70)	ns	2.41 (.43)	ns	-2.81 (-1.77)	<.01	.83	4.21
Police	.86 (1.07)	ns	-.14 (-.02)	ns	-.26 (-.18)	ns	.80	
Welfare	8.97 (1.32)	<.01	-25.23 (-.58)	ns	1.02 (.08)	ns	.88	
<u>Pennsylvania</u>								
Education	15.73 (.92)	<.01	23.65 (.15)	<.01	-1.79 (-.06)	ns	.99	7.36

Table 4-3, continued

State and Policy Area	Independent Variables							
	Time	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's[b] Q
Pennsylvania (cont.) (cont.)								
Health	.62 (.44)	<.01	.23 (.02)	ns	1.32 (.56)	<.01	.98	1.22
Police	.42 (.50)	ns	2.81 (.37)	ns	.19 (.14)	ns	.94	
Welfare	8.19 (.53)	<.01	-5.52 (-.03)	ns	13.16 (.52)	<.01	.98	5.76
South Carolina								
Education	17.48 (.75)	<.01	3.88 (.02)	ns	8.91 (.24)	ns	.99	
Highways	4.82 (1.30)	ns	6.02 (.24)	ns	-4.43 (-.73)	ns	.79	
Nat. Res.	1.20 (.72)	ns	5.20 (.45)	ns	-.54 (-.20)	ns	.92	
Tennessee								
Education	6.81 (.42)	<.01	45.25 (.48)	ns	7.16 (.26)	ns	.95	
Health	1.20 (1.05)	<.01	4.38 (.66)	<.01	-1.04 (-.53)	ns	.95	7.66

Table 4-3, continued

State and Policy Area	Independent Variables: Time	F-Value	(Intervention) Intercept[a]	F-Value	(Intervention) Slope[a]	F-Value	R^2	Pack's[b] Q
Tennessee, cont.								
Nat. Res.	.98 (1.27)	<.01	3.84 (.85)	<.01	-1.48 (-1.12)	ns	.83	4.43
Police	.36 (.87)	ns	-.58 (-.24)	ns	.11 (.15)	ns	.90	
Wyoming								
Nat. Res.	2.19 (1.08)	ns	9.05 (.71)	ns	-3.68 (1.03)	ns	.85	

[a]Since these states did not experience a reorganization, a true intervention did not occur. The intercept and slope parameters were computed as if the state had reorganized at the same time as the reorganized state with which it is matched.

[b]The Q statistic is interpreted by using the Chi Square distribution with 3 degrees of freedom. A value of 11.341 is required for statistical significance at the .01 level. Autocorrelation is of concern only if the Q is significant.

in the extreme left column. For example, in table 4-2, the first equation used per capita expenditures for education in California as the dependent variable. This procedure was followed in all subsequent equations.

The independent variables are listed across the top of the table and are labeled "time," "intervention intercept," and "intervention slope." Each of these will be discussed separately. The first independent variable "time" is a measure of the average annual per capita change in spending for the policy area under investigation. It corresponds to X_1 in the regression equation. The second independent variable "intervention intercept" is a measure of the short-term impact of the intervention or reorganization on per capita expenditures. It corresponds to X_2 in the regression equation. The third independent variable "intervention slope" is a measure of the long-term impact on state executive branch reorganization on per capita expenditures. This variable corresponds to X_3 in the regression equation.

The tables contain the unstandardized regression coefficients and the standardized regression coefficients known as beta weights. Both coefficients are displayed since the three independent variables use different units of measure. Consequently, it is not possible to arrive at a comparison of the relative strength of the independent variables by examining the unstandardized regression coefficient.

This problem can be overcome by relying on the standardized regression coefficient. The standardization process allows the beta weights to be interpreted as though each independent variable reflected the same unit of measurement.

This research effort is concerned with an evaluation of the short- and long-term effects of reorganization. As such, the focus of the analysis becomes the regression coefficients associated with the "intervention intercept" and the "intervention slope." These regression coefficients indicate the extent to which expenditures differ significantly from the level projected from the amount of previous spending. Interpretation of these coefficients requires elaboration. Using the per capita expenditures for education in Georgia, for example, the correct interpretation of the various regression coefficients can be illustrated.[2] The interrupted time-series regression is represented by the equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e.$$

The predicted per capita education expenditure for Georgia can be found by simply substituting the appropriate values for any given year. In this case the estimate for 1979 per capita education expenditures can be predicted as follows:

$a = 121.00$ (the constant)

$b_1 = 12.14$ $\qquad$ $X_1 = 12$

$b_2 = -7.92$ $\qquad$ $X_2 = 1$

$b_3 = 10.97$ $\qquad$ $X_3 = 6$

$$Y = 121.00 + 12.14\ (12) + (-7.92)\ (1) + 10.97\ (6)$$

$$= \$324.58$$

The actual per capita education expenditure for Georgia in 1979 was $333.00. The estimate is thus fairly accurate.

The regression coefficients in table 4-2 indicate that the per capita expenditure for education in Georgia has been increasing at a rate of $12.14 per year as reflected by the coefficient b_1. The coefficient b_2 indicates that the reorganization of the state executive branch had the short-term impact of reducing the increase in total per capita education expenditures by $7.92. This should not be interpreted as evidence that the reorganization reduced per capita expenditures by $7.92 since this expenditure was increasing at an annual rate of $12.14. It does mean that in the short-term the expenditures increased only by $4.22 ($12.14 - $7.92). The long-term impact of the reorgnanization was an annual increase in per capita education expenditure for the five year period of $10.97 as reflected by b_3. After reorganization per capita education expenditures grew as a rate of $23.11 ($12.14 + $10.97). The rate of growth appears to accelerate after reorganization. The implication of this finding will be discussed later.

Given the increasing demands for government service, the average annual change in per capita expenditures should always reflect an increase rather than a decrease in expenditures. An increase in expenditures is reflected by a positive regression coefficient associated with b_1, the "time" variable. An examination of tables 4-2 and 4-3 reveals that all of these coefficients are in fact positive.

If the reorganization results in a short-term reduction in the rate of increase in expenditures, the sign associated with the intervention intercept (b_2) should be negative. If the reorganization results in a long-term reduction in the rate of increase in expenditures the sign associated with the intervention slope (b_3) should also be negative.

This investigation is concerned with accepting or rejecting the following null hypotheses:

H_o-I: State executive branch reorganization produces no short-term effect on expenditure policy.

H_o-II: State executive branch reorganization produces no long-term effect on expenditure policy.

These hypotheses can be accepted or rejected by determining whether or not the parameters b_2 and b_3 for reorganized states have a difference from zero that is statistically significant. This judgment can be made by examining the F-ratio for each regression coefficient. If the regression coefficients b_2 and b_3 are not statistically significant, the null hypotheses would be accepted with the conclusion that the intervention of state executive branch reorganization produced no effect on public policy.

If these parameters are statistically significant the first step is taken toward rejecting the null hypotheses.

The second step requires that the problem of autocorrelation be eliminated before the null hypothesis can be rejected in complete confidence. The existence of autocorrelation can be tested with the statistic Pack's Q. If autocorrelation is not a problem, then the null hypotheses can be safely rejected and attention focused on developing a theoretically sound interpretation.

An examination of tables 4-2 and 4-3 indicates that the Q statistic is not significant for any of the equations in which either b_2 or b_3 are statistically significant. Autocorrelation is therefore not a problem that must be addressed in this research effort. The analysis may continue.

If state executive branch reorganization does in fact produce the results claimed by its advocates, the information reflected in table 4-2 and 4-3 should be along predictable lines. First, for the reorganized states, the regression coefficients for the short-term and long-term effects should be negative and statistically significant. If the signs are not negative then the reorganization of the state executive branch would not produce the claimed effect of reducing the rate of increase in expenditures. Second, if the reorganization is to produce a measurable impact, these regression coefficients must be statistically significant.

It is important to note that virtually all of the gubernatorial messages call for a reduction in state spending. The link between executive branch reorganization and a reduction in expenditures was stated specifically in several of the messages and implied in others. The governors typically called for stretching tax dollars to provide the requisite level of public services with executive branch reorganization serving as the tool for reducing the rate of growth in spending. While Meier's (1980) investigation concluded that reorganization had no impact on total state expenditures, this research effort focuses on policy areas of special interest to governors. Since the governors are generally committed to a reduction in spending, the signs of the regression coefficients are hypothesized to be negative if reorganization produces the limited results.

While some critics might well argue that expenditures for the policy areas selected would actually rise because of the increased level of gubernatorial concern such is not necessarily the case. When the innaugural messages and state of the state addresses are examined, an additional theme is uncovered. That theme is one of transferring responsibility for public services to local government whenever possible. If executive branch reorganization results in an increase in the power of the governor, the transfer of some responsibility from the state to local government might be achieved. The result of such a transfer would allow a further reduction in state expenditures to be achieved. Thus, the pattern could emerge in which a reduction is achieved in the rate of increase in state spending coupled with a growing rate of spending in these policy areas at the local level.

In the case of the unreorganized states, no particular pattern of either positive or negative coefficients should appear. The presence of statistically significant negative coefficients for these states would threaten the conclusion that reorganization had an impact on policy. History would have to be considered as a potential factor.

As an aid to clarity, the data in tables 4-2 and 4-3 have been reduced, restructured, and displayed in tables 4-4 and through 4-10. These tables reflect the direction of the regression coefficients for the short- and long-term impact of reorganization by policy area for the reorganized state and its matched-pair state. Statistical significance at the .01 level is indicated by an asterisk. Each of these policy areas will be examined on an individual basis.

Agriculture Policy

According to the data in table 4-4 the reorganization of the South Dakota executive branch of government did not produce either a short- or long-term reduction in the rate of increase in per capita agriculture expenditures. The regression coefficients for South Dakota are both positive. Since neither coefficient is statistically significant at the .01 level, the null hypotheses would not be rejected, and the conclusion is reached that reorganization did not produce an effect on expenditures. The fact that the direction of the signs is positive for both South Dakota and North Dakota is additional evidence that the intervention did not produce the predicted result.

Table 4-4

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Agricultural Expenditures

Reorganized State/Matched State	Short Term Impact State[a]	Short Term Impact Control[b]	Long Term Impact State[a]	Long Term Impact Control[b]
South Dakota/North Dakota	+	+	+	+*

[a]Reorganized State

[b]Matched State

*Significant at .01 level

In order for the reorganization to have had an impact the regression coefficients for South Dakota would have been negative and statistically significant. The conclusion is reached that reorganization did not have an impact on agricultural policy.

Education Policy

Table 4-5 contains the results of the time-series regression analysis for the nine reorganized states in which education policy was an issue of concern to the governor in office at the time of reorganization. Six of the reorganized states--California, Colorado, Georgia, Kentucky, Maine, and Wisconsin--do have negative regression coefficients associated with short-term impact. This compares with five nonreorganized states which also have a negative short-term regression coefficient. It is essential to note that none of the negative coefficients for the reorganized states are statistically significant. However, the negative regression coefficient for Kansas, an unreorganized state, is statistically significant. Given this array, the null hypothesis for short-term impact would be accepted for the reorganized states due to the lack of statistical significance of the negative signs.

The null hypothesis would be rejected for two nonreorganized states: Kansas and Pennsylvania. The short-term effect in Kansas was negative and statistically significant while the short-term effect in Maryland was positive and statistically significant. For the year following reorganization in Colorado, the matched-pair state Kansas experienced

Table 4-5

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Educational Expenditures

Reorganized State/ Matched State	Direction of Short Term Impact State[a]	Direction of Short Term Impact Control[b]	Direction of Long Term Impact State[a]	Direction of Long Term Impact Control[b]
California/New York	-	+	+*	+
Colorado/Kansas	-	-*	+*	+*
Georgia/Alabama	-	-	+*	+*
Kentucky/Tennessee	-	+	+*	+
Maine/New Hampshire	-	-	+	-
Maryland/Pennsylvania	+	+*	+	-
Missouri/Oklahoma	+	-	-	+
Virginia/South Carolina	+	+	+	+
Wisconsin/Minnesota	-	-	+*	+*

[a]Reorganized State

[b]Matched State

*significant at .01 level

a significant drop in the rate of increase in per capita education expenditures. Pennsylvania, Maryland's matched pair state, reflected a statistically significant short-term increase in the rate of per capita education expenditures. Since neither of these states reorganized, the change can be attributed to the occurence of other events or history.

When the long-term impact is examined, only one reorganized state, Missouri, has a negative regression coefficient, and it was not statistically significant. Two nonreorganized states, New Hampshire and Pennsylvania, have negative coefficients, but neither of these is statistically significant.

A somewhat puzzling finding is that five of the reorganized states, California, Colorado, Georgia, Kentucky, and Wisconsin, have statistically significant positive regression signs. On the surface this might be an indication that the reorganization resulted in an increase in the long-term rate of expenditure. Such a finding is of no help. However, three of the matched-pair states also experienced a statistically significant increase in the long-term rate of expenditure for education. Again, this increase in expenditures can be attributed to the occurence of other events or history.

Analysis of table 4-5 does not lend support to the thesis that reorganization has an impact on education policy.

The significant short- and long-term effects observed were in the wrong direction and attributable to history.

Health Policy

The results of the analysis for health policy are presented in table 4-6. All three reorganized states have negative regression coefficients for the short-term impact of reorganization. This is in the hypothesized direction. The short-term signs for the nonreorganized states are all positives. This is also in the hypothesized direction. But it is still not possible to reject the null hypothesis. None of the negative coefficients for the reorganized states are significant, and only one of the positive coefficients for the nonreorganized states is significant. The result is that the null hypothesis of no effect must be accepted for the short-term impact of reorganization.

When the long-term impact is examined, the conclusion is the same. All three reorganized states have statistically significant positive regression coefficients. This should not be interpreted as an indication that reorganization resulted in an increase in the rate of expenditure for health. The fact that two of the matched-pair states also have positive regression coefficients in an indication that other forces or developments apparently fostered the increase in the long-term rate of expenditure. The long-term negative coefficient for the nonreorganized state of Tennessee

Table 4-6

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Health Expenditures

Reorganized State/Matched State	Direction of Short Term Impact: State[a]	Direction of Short Term Impact: Control[b]	Direction of Long Term Impact: State[a]	Direction of Long Term Impact: Control[b]
Kentucky/Tennessee	-	+*	+*	--
Maryland/Pennsylvania	-	+	+*	+*
Massachusetts/New Jersey	-	+	+*	+*

[a]Reorganized State

[b]Matched State

*significant at .01 level

can be dismissed with minimal concern due to its lack of statistical significance.

Again, the analysis does not support the thesis that reorganization has an impact on policy. No significant difference was observed between the reorganized states and their matched-pair states for health policy.

Highway Policy

The findings of the time-series analysis for highway policy are presented in table 4-7. Only one reorganized state, Wisconsin, has a negative regression coefficient. While it is in the hypothesized direction, it is not statistically significant. Three of the nonreorganized states, New Jersey, Oklahoma, and Minnesota, also have negative short-term coefficients. None are statistically significant. The result is that the null hypothesis of no effect is accepted for the short-term impact of reorganization.

When the coefficients for long-term impact are examined, two reorganized states, Maine and Missouri, are found to have negative coefficients. This is contrasted with the fact that four of the five nonreorganized states have negative long-term coefficients. However, none of the negative coefficients for both groups were statistically significant. Only one long-term coefficient was statistically significant. This is a positive coefficient for Massachusetts, a reorganized state. This is in the wrong direction and does not help.

Table 4-7

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Highway Expenditures

Reorganized State/Matched State	Direction of Short Term Impact		Direction of Long Term Impact	
	State[a]	Control[b]	State[a]	Control[b]
Maine/New Hampshire	+	+	-	+
Massachusetts/New Jersey	+	-	+*	-
Missouri/Oklahoma	+	-	-	-
Virginia/South Carolina	+	+	+	-
Wisconsin/Minnesota	-	-	+	-

[a]Reorganized State

[b]Matched State

*significant at .01 level

The conclusion based on the data in table 4-7 does not allow a rejection of the null hypotheses that reorganization has no effect on policy. Again, no significant difference was observed between the reorganized and control states for highway policy. A relationship between state executive branch reorganization and expenditure policy was not discovered.

Natural Resource Policy

Table 4-8 presents the results of the time-series regression for natural resource expenditure policy. Three of the reorganized states, California, Colorado, and Missouri, have negative regression coefficients. However, none of these are statistically significant. Two of the unreorganized states, Kansas (the matched-pair for Colorado) and Minnesota, also have negative regression coefficients. Again, they are not statistically significant. The only statistically significant short-term regression coefficient is that for Tennessee, and it is positive.

The short-term regression coefficients do not allow a rejection of the null hypothesis that reorganization has no effect on policy. The absence of statistically significant negative coefficients indicates that no relationship was found.

When the long-term coefficients are examined, eight of the reorganized states are found to have negative signs.

Table 4-8

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Natural Resources Expenditures

Reorganized State/ Matched Pair	Direction of Short Term Impact State[a]	Direction of Short Term Impact Control[b]	Direction of Long Term Impact State[a]	Direction of Long Term Impact Control[b]
California/New York	-	+	-*	-
Colorado/Kansas	-	-	+	+*
Georgia/Alabama	+	+	-*	-
Idaho-Wyoming	+	+	-	-
Kentucky/Tennessee	+	+*	-	-
Maine/New Hampshire	+	+	+	-
Massachusetts/New Jersey	+	+	-	+
Missouri/Oklahoma	-	+	+	-*
South Dakota/North Dakota	+	+	-	+*
Virginia/South Carolina	+	+	-	-
Wisconsin/Minnesota	+	-	-	+*

[a]Reorganized State

[b]Matched Pair

*significant at .01 level

However, only two states, California and Georgia, have negative coefficients that are statistically significant. The signs for their matched-pair states, New York and Alabama, are also negative but are not statistically significant. This would indicate that for California and Georgia a long-term reduction in the rate of increase of per capita natural resource expenditures followed executive branch reorganization. This conclusion is somewhat tempered by the fact that Oklahoma, a nonreorganized state, also has a statistically significant negative coefficient. Since Oklahoma was matched with Missouri and not California or Georgia, it can be discounted.

The array for the long-term impact suggests that the null hypothesis of no effect can be rejected for only two reorganized states, California and Georgia. In the remaining nine states the hypothesis cannot be rejected. On the basis of this evidence one would be hard pressed to conclude that executive branch reorganization has a long-term impact on policy.

While no short-term impact on natural resource policy was observed, a long-term impact was observed for two reorganized states. Even though the relationship is definite for California and Georgia, it is not possible to conclude that state executive branch reorganization has a general impact on natural resource policy due to the absence of the relationship for the other reorganized states.

Police

The results of the time-series regression for police expenditures are presented in table 4-9. Five of the eight reorganized states have negative regression coefficients associated with the short-term impact of reorganization while this is the case for only two nonreorganized states. However, it is still not possible to reject the null hypothesis of no effect since none of these negative coefficients are statistically significant. There is no evidence that state executive reorganization is linked to police expenditures.

When the long-term effects are examined, only one reorganized state, Maine, has a negative coefficient while three nonreorganized states, New Hampshire (Maine's matched-pair), Kansas, and Oklahoma also have negative coefficients. None of these negative coefficients are statistically significant. Two of the long-term positive coefficients for the reorganized states are statistically significant (Colorado and Kentucky) while none of the positive coefficients for the nonreorganized states are statistically significant. Before reaching the conclusion that reorganization resulted in an increase in expenditures, developments within the two states would have to be carefully examined.

The data analysis, therefore, indicates that a link between executive branch reorganization and law enforcement policy, as measured by police expenditures, was not found to exist.

Table 4-9

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Police Expenditures

Reorganized State/ Matched State	Direction of Short Term Impact State[a]	Direction of Short Term Impact Control[b]	Direction of Long Term Impact State[a]	Direction of Long Term Impact Control[b]
California/New York	-	+	+	+
Colorado/Kansas	-	+	+*	-
Georgia/Alabama	+	+	+	+
Kentucky/Tennessee	-	-	+*	*
Maine/New Hampshire	+	+	-	-
Maryland/Pennsylvania	-	+	+	+
Massachusetts/New Jersey	+	+	+	+
Missouri/Oklahoma	-	-	+	-

[a]Reorganized State

[b]Matched State

*significant at .01 level

Welfare Policy

The relationship between state executive branch reorganization and welfare policy is presented in table 4-10. Two of the reorganized states have negative regression coefficients while three of the nonreorganized match-paired states have negative coefficients. Again, it is not possible to reject the null of hypotheses of no effect because none of the negative coefficients are statistically significant.

The coefficients for long-term effect present the same results. The reorganized states all have positive long-term regression coefficients with three being statistically significant. The three control states matched with these states also have statistically significant positive coefficients. Again, it is not possible to reject the null hypothesis and conclude that reorganization has an impact on policy. Only one state, the nonreorganized state of New Jersey, has a negative coefficient. However, it was not statistically significant.

The results of the time-series regression prevents arriving at the conclusion that state executive branch reorganization has an impact on welfare expenditures.

Summary of Findings

The absence of a link between state executive branch reorganization and expenditure policies is illustrated in the summary table 4-11. While differences do exist

Table 4-10

Comparison of Regression Coefficient Signs of Reorganized States and Matched Pair States for Welfare Expenditures

Reorganized State/Matched State	Direction of Short Term Impact State[a]	Direction of Short Term Impact Control[b]	Direction of Long Term Impact State[a]	Direction of Long Term Impact Control[b]
California/New York	+	+	+*	+*
Maryland/Pennsylvania	+	-	+*	+*
Massachusetts/New Jersey	+	+	+	-
Missouri/Oklahoma	-	-	+	+
Wisconsin/Minnesota	-	-	+*	+*

[a]Reorganized State

[b]Matched State

*significant at .01 level

Table 4-11

Direction of Short-Term and Long-Term Changes in Per Capita Expenditures in Reorganized and Nonreorganized States by Policy Area (Number of Changes Statistically Significant at the .01 Level in Parenthesis)

Policy Area	Short-Term Increase	Short-Term Decrease	Long-Term Increase	Long-Term Decrease
<u>Agriculture</u>				
Reorganized States	1	0	1	0
Nonreorganized States	1	0	1 (1)	0
<u>Education</u>				
Reorganized States	3	6	8 (5)	1
Nonreorganized States	4 (1)	5 (1)	7 (3)	2
<u>Health</u>				
Reorganized States	0	3	3 (3)	0
Nonreorganized States	3 (1)	0	2 (2)	1
<u>Highways</u>				
Reorganized States	4	1	3 (1)	2
Nonreorganized States	2	3	1	4
<u>Natural Resources</u>				
Reorganized States	8	3	3	8 (2)
Nonreorganized States	9 (1)	2	4 (2)	7 (1)
<u>Police</u>				
Reorganized States	3	5	7 (2)	1
Nonreorganized States	6	2	5	2
<u>Welfare</u>				
Reorganized States	3	2	5 (3)	0
Nonreorganized States	2	3	4 (3)	1

between reorganized and nonreorganized states, an absence of statistical significance makes these differences unimportant. The only reorganized states with a statistically significant decrease in the rate of increase in per capita spending which was not shared by their matched-pair state were California and Georgia in natural resource policy. On this basis it is not possible to arrive at the conclusion that state executive branch reorganization has the predicted effect on public policy.

Tables 4-12 and 4-13 also serve to illustrate this same finding. In table 4-12 the short-term and long-term effects are summarized without regard for statistical significance. For the forty-two regression equations incorporated in the analysis, a short-term decrease in the rate of increase in expenditures was noted in twenty equations for the reorganized states and in fifteen of the nonreorganized states. The difference in this distribution is not statistically significant.

The same holds true for the long-term effects. For the forty-two regression equations, a long-term decrease in the rate of increase in expenditures was noted in twelve equations for the reorganized states and in eighteen equations for the nonreorganized states. Again the difference in this distribution is not statistically significant.

The absence of a relationship between state executive branch reorganization and expenditure policy is even

Table 4-12

Direction of Short-Term and Long-Term Changes in Per Capita Expenditures in Reorganized and Nonreorganized States

	Short-Term Increase	Short-Term Decrease	Long Term Increase	Long Term Decrease
Reorganized States	22	20	30	12
Nonreorganized States	27	15	24	18
	$x^2 = 1.22$		$x^2 = 1.86$	
	$p > .30$		$p > .30$	

Table 4-13

Direction of Short-Term and Long-Term Changes in Per Capita Expenditures in Reorganized and Nonreorganized States for which Coefficients Are Statistically Significant at the .01 Level

	Short-Term Increase	Short-Term Decrease	Long Term Increase	Long Term Decrease
Reorganized States	0	0	14	2
Nonreorganized States	3	1	11	1
			$x^2 = .14$	
			$p > .50$	

more forcefully illustrated in table 4-13. Only those equations with statistically significant coefficients are included. No equation for the reorganized states produced a statistically significant short-term decrease in the rate of increase in per capita expenditures. Only two equations for the reorganized states produced a statistically significant long-term decrease in the rate of increase in per capita expenditures while one equation for the nonreorganized states resulted in a statistically significant negative coefficient.

Analysis of the time-series regression equations failed to establish a link between state executive branch reorganization and expenditure policy. The data did not support the position of many advocates of reorganization that structural change in the executive branch of government would result in a reduction in the rate of increase in expenditures across a wide range of policy areas. This analysis failed to find evidence that state executive branch reorganization produces the results claimed by its advocates.

Notes

[1]Analysis did not include interrupted time-series regression for all twelve reorganized states and their matched-pair states in all seven policy areas. The theoretical justification for this selection process is discussed in chapter III.

[2]Georgia was selected as an example because the governor initiating reorganization is now President Carter. Any state or policy area would be equally appropriate for selection as an example.

CHAPTER V

CONCLUSIONS

Executive branch reorganization has been advocated as an appropriate remedy for many of the problems facing state government today. Some have argued that enacting an extensive program of structural change will eliminate poor organization and create a "good" organizational structure which is more conducive for positive results in the operation of government (Weinberger, 1978).

An extensive body of literature exists which examines the processes, perceived benefits, and strategies for achieving executive branch reorganization. The major shortcoming of this large body of literature is the absence of any substantial empirical evidence that the implementation of any reorganization plan will result in any impact on public policy or government operations. The absence of such research has made the rejection of pro-reorganization arguments difficult. The arguments and assumptions forwarded by the proponents of reorganization were largely unchallenged. Research efforts directed specifically at evaluating reorganization efforts tended to be case studies which were narrow in scope and which focused primarily on the strategies involved and the structural changes which were produced (for example see Mosher, 1967).

A gap thus existed in the literature which prevented an appraisal of the impact of reorganization on the policies pursued by government. This research effort was directed toward filling that gap by examining the impact of state executive branch reorganization on a variety of public policies over time.

Summary of the Study

The extent and nature of government reorganization was examined in chapter I. The rationale for reorganizing government was consistent for virtually all advocates. Reorganization would produce significant benefits. The cost of government would be reduced, the cost of implementing and operating programs would be reduced, the rate of growth in the number of state employees would also be reduced, and general operating efficiency would be increased (see Buck, 1950; Eley, 1967; Fain, 1979; and Garnett and Levine, 1978).

Government reorganization is not an issue new to the United States. It was traced back to the turn of the century. Concern with structural reform has not been limited to the state level, either. Extensive reorganization activity has taken place at both the federal and local levels. In fact, significant evidence exists that activity at one level tends to encourage reorganization activity at other levels. The fact that the federal Hoover Commissions encouraged the formation of "little Hoover Commissions" in a number of states supports this interpretation.

In short, government reorganization was found to be an issue of continuing concern at both the federal and state level. Consequently, efforts to reorganize government should be an important issue at both the state and federal level for the forseeable future. Government reorganization should therefore continue to be a major topic in the study of public administration.

In chapter II the general theoretical framework for the study was presented. The literature contains numerous studies examining the link between the structure of government and public policy. The majority of the previous efforts have focused on the relationship between the structure of urban government and public policy and the relationship between state legislative reform and public policy. In these studies public policy was frequently measured with expenditure data. The use of per capita expenditures as an appropriate measure of public policy in this study was justified essentially on the basis of its wide-spread acceptance in the public policy literature.

One potential shortcoming of much previous public policy research is its cross-sectional nature. Very little research of a longitudinal nature has been conducted. This research effort has overcome this problem by employing a quasi-experimental time-series research design.

The specific research methodology was discussed in chapter III. The interrupted time-series analysis allows both the short-term and long-term effects of state executive branch reorganization to be determined. The statistical techniques used and the correct interpretation of the time-series regression coefficients were covered.

The findings of the research were presented in detail in chapter IV. For the seven policy areas selected for analysis and the twelve reorganized states included in the study, no link was established between structural reorganization and public policy. In several cases the hypothesized negative regression coefficients were found, but their lack of statistical significance forced acceptance of the null hypotheses regarding a relationship between executive branch reorganization and expenditure policy.

State Executive Branch Reorganization and Public Policy

This research has examined the relationship between executive reorganization and seven major state expenditure areas. The findings have failed to support the widely accepted tenet that government reorganization will have an impact on policy by reducing the rate of increase in expenditures. Of the twelve reorganized states included in the study, the only statistically significant reduction in the rate of increase in spending was for the states of California and Georgia for natural resources. A genuine lack of empirical evidence was found which would support executive branch reorganization as a technique for reducing expenditures and influencing policy. The results of this investigation fail to support the arguments of reform groups and elected public officials that reorganization will have a significant impact on government spending policy.

When the findings of this effort are combined with those of Meier (1980), the impact of executive reorganization on government appears to be minimal. Meier investigated the effect of state executive branch reorganization on state employment and total expenditures using techniques identical with those used here. His findings were consistent with those presented in chapter IV. He concluded that neither the rate of increase in state employment nor the rate of increase in total state expenditures were affected by reorganization.

The results of this research are consistent with those of earlier investigations which focused on the relationship between public policy and the structure of urban government. That literature failed to find much evidence that governmental reform at the local level would produce a change in the policy choices of those governments.

At the state level, previous research has indicated that the policy choices of government appear to be affected more by the socioeconomic background of the state than by political forces. The findings of this research do not challenge the earlier findings. The fact that public policy does not respond to changes in the political environment as traditionally operationalized is disturbing in that it contradicts traditional democratic theory that political factors should make a very real difference in public policy choices.[1]

The fact that this research failed to demonstrate a link between state executive branch reorganization and public policy seems to support the body of literature claiming no effect on policy would be produced (see Downs, 1967; Rourke, 1976; Malek, 1978). At the same time it would be a mistake to write government reorganization off as an exercise in futility. Analysis utilizing different tests of state reorganization than those employed in this investigation might produce results supportive of reorganization efforts.

Emmerich (1950: 8) identified two tests for evaluating the effectiveness of any reorganization effort. These were:

1. Is administration made more responsive to the general interest of the public?
2. Is the ability of the chief executive to insure that the laws are faithfully executed strengthened?

These tests do not include an examination of expenditure patterns. They focus on the issues of responsibility, accountability, and gubernatorial power. These are different questions than those addressed in this research effort. Operationalizing the above tests are a suitable araa for additional research in evaluating state executive branch reorganization.

It is also important to note that the findings presented do not address the effect of reorganization on either questions of efficiency, employment patterns, or public policy choices at the federal level. More research is needed to evaluate the impact of reorganization at the federal level. The methodology employed in this study, interrupted time-teries analysis, would be most appropriate fur such an investigation.

This research effort also demonstrated the feasibility and utility of employing interrupted time-series analysis in public policy research. The technique can be operationalized with little difficulty and has significant advantages over the cross-sectional studies employed in the past.

In conclusion, this research and the other limited research in the area suggests that reorganizing the state executive branch of government has no demonstrable impact on policy priorities or employment patterns at the state level. At the same time, the results fail to prove that the reorganization of state government serves no useful purpose. It is possible that the "streamlining" of state government may be a technique for strengthening gubernatorial control over the executive bureaucracy. The result would be an increased level of accountability within the bureaucracy to the majority will of the public as expressed in the electoral process. Reorganization also might have the effect of increasing the ability of the public to determine the agency or department responsible for specific government programs or policies. These questions remain unanswered and are suitable topics for additional research.

Note

[1]Dye and Gray (1980) noted that political scientists often approach the study of public policy with certain biases. These include the conviction that the characteristics of the political system do have an impact on policy choices and that party competition, public participation, and equality in representation will result in the adoption of "good" public policies. They argue that these assumptions are best treated as hypotheses to be tested rather than as "a priori" tenets.

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