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REORGANIZATION OF THE ADMINISTRATIVE  
BRANCH OF THE MINNESOTA GOVERNMENT

By J. S. YOUNG\*

THE treatment of this subject naturally divides itself into two parts—first, the recommendations of the Efficiency and Economy Commission to the Minnesota Legislature of 1915, and second, the report of the Interim House Committee to the Legislature of 1925 and the resulting legislative action.

## I. THE REPORT OF THE EFFICIENCY AND ECONOMY COMMISSION TO THE 1915 LEGISLATURE

In 1913 Governor Eberhardt appointed a committee known as the Efficiency and Economy Commission, consisting of thirty persons, to make a survey and suggest a plan for simplifying, centralizing and fixing the responsibility of the illogical, haphazard machinery of the administrative department of the state government. After many meetings and a rather exhaustive investigation, the committee reported a plan which did not propose any changes affecting the functions of the state but confined itself to methods of performing existing functions. It did not concern itself with what the state should do but with the way of doing it. No added powers or duties to the government were recommended. The committee found that the mounting costs of the government were due partly to an extension of state functions but a large part was due to the absence of proper organization and financial methods. The committee did not look for graft but for defects in the system of government and not in the work of individuals. The plan recommended would not necessitate any changes in the constitution.

The main features of the committee's plan consisted of first a reorganization of the executive service; second, the introduction of a real merit system in the civil service; and third, the budget system of appropriating money. It was argued that these three are all bound to one another. The committee found the faults

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in the then existing administrative machinery to consist of a lack of unity and responsibility. They found that the administrative system was incoherent; with a multiplicity of disconnected or unrelated departments and bureaus over which neither the governor, the legislature nor the people had any effective control, the result being a duplication of work and unnecessary employees. The committee's plan was intended to secure coöperation between related offices, a centralization of control and a fixing of responsibility. Related bureaus were to be grouped under a few executive departments, each department being headed by a single director who were, with two exceptions, to be appointed by the governor with the consent of the senate. In this way the governor, who is the direct representative of the people, would control the entire administration. Instead of having numerous independent governments there would be one state administration.

The committee found the main faults of the then existing system to consist of, first, a multiplicity of unrelated branches; second, diversity in form; third, predominance of the board system; and fourth, numerous branches including semi-public associations that receive aid from the state, in all something over seventy-five different commissions, bureaus, boards, etc., most of them standing entirely aloof from one another. The state fire marshal received the following note from a hotel man in the state: "Dear Sir—Your hotel inspector has ordered me to put in a new floor. One of your departments has instructed me to tear down the building. Which shall I do first?" To illustrate the diversity of form, some of the agencies were headed by a single individual; three were headed by paid boards and others were in the hands of ex officio boards. Still others were the unpaid boards usually with a paid secretary, and finally, the semi-private associations. In passing, it may be said that in administration the board system tends to delay and inefficiency. It distributes responsibility. Boards are good for sub-legislative and quasi-judicial work. They are useful to give advice but not suited to administrative tasks.

The committee recommended the abolition of the executive board system and recommended the substitution of six executive heads of departments known as directors, to be appointed by the governor with the consent of the Senate and to hold office during the pleasure of the governor. These in a sense would constitute

a kind of governor's cabinet similar to the cabinet of the president of the United States. These directors were expected to be laymen, not technical experts. The bureau chiefs and various subordinates under them were expected to be trained experts protected by the merit system. The aim was to combine permanent expert service with popular control, the governor being the real head of the administration. The departments to be created were (1) treasurer (constitutional); (2) public domain; (3) public welfare; (4) education; (5) labor and commerce; (6) agriculture. In addition to the single member director and bureau chiefs the committee recommended that each department have a board not for the purpose of performing executive functions but for advisory, sub-legislative and quasi-judicial functions.

The outstanding features of these recommendations of the Efficiency and Economy Commission in 1915 may be summarized as follows: (1) the governor, who is the representative of the entire state and thus has a state-wide point of view, was made the real center of the administrative department; (2) a half-dozen executive departments were recommended, each one headed by a single director responsible to the governor and all of the executive heads constituting a cabinet; (3) a single individual at the head of various bureaus who, together with their immediate subordinates, constitute the expert staff of administration; (4) a board of lay-men attached to each department which had for its purpose the addition of the lay or popular element in administration; (5) to secure efficiency and economy, provision was made for an up-to-date budget and civil service system.

The report of this committee was transmitted to the legislature at the 1915 session, but nothing was achieved in the way of reorganization but the passage of a denatured budget, which has proved wholly ineffective. Some five years ago the state department of education was reorganized and placed in the hands of a state commissioner of education elected by a newly created state board of education, thus taking education out of partisan politics. The plan submitted by the Minnesota Commission on Efficiency and Economy was given wide publicity throughout the Union and bore fruit in some neighboring states, especially the state of Illinois which achieved administrative reorganization under the leadership of former Governor Lowden. Minnesota's fight for reorganization of its administrative system was postponed for ten years.

II. REPORT OF THE HOUSE INTERIM COMMITTEE AND THE FINAL CONSUMMATION OF THE PLAN FOR REORGANIZING THE ADMINISTRATIVE BRANCH OF THE STATE GOVERNMENT

The recommendations of the Efficiency and Economy Commission to the Legislature of 1915 were discussed in the state from time to time for ten years, but the impetus for definite action came as a result of the recent financial depression among the farmers and the demand for lower taxes, indebtedness, and the cost of government. The following figures for amounts appropriated by the Minnesota legislature through a series of years will help to emphasize the mounting costs of state government. They are as follows:

1900.....	\$ 6,000,000	1917.....	\$21,000,000
1910.....	11,000,000	1919.....	32,000,000
1913.....	19,000,000	1921.....	36,000,000
1915.....	18,000,000	1923.....	40,000,000

The situation had become acute. Therefore, the present governor of Minnesota, Hon. Theodore Christianson, made his campaign for election by emphasizing the needed simplicity of the administrative branch to be effected by the consolidation of the functions of ninety-two separate boards, bureaus and divisions into a few departments with fixed responsibility and increased efficiency, the elimination from the payroll of every superfluous public official, the standardization of the services and salaries in public employment, the reduction of taxation and indebtedness. The campaign resulted in the governor's election by a handsome majority.

The legislature of 1923 authorized the appointment of an Interim Committee to study the reorganization plans in operation in various states and to report a plan for the consideration of the 1925 Legislature. The committee made some trips to other states for the purpose of study and investigation and found that Illinois and Ohio are accomplishing good results through a cabinet form of government, while Pennsylvania and Massachusetts have brought about control over expenditures without adopting the cabinet system, through the creation of a department closely connected with the governor's office in which are grouped the fiscal activities of the state. In Massachusetts this new agency is called the department of administration and combines the func-

tions of preparing the budget, checking departmental expenditures thereunder by a system of pre-audits, buying supplies and equipment, standardizing employment and classifying positions in the civil service. The substance of the committee's report to the legislature may be summarized as follows: (1) that the 92 boards, bureaus and departments of state government be consolidated into a few major departments; (2) that the governor be given power to limit and control the expenditures of these departments through a department of administration and financial control in which shall be centered the budget-making, auditing, purchasing, personnel selecting functions of the state; (3) the abolition of all departments and activities that are obsolete, and the repeal of all laws creating functions which the state should no longer exercise.

The leadership in the fight for reorganization of the administrative departments fell to Governor Christianson who was a member of the committee. In his inaugural message to the legislature the governor used the following words: "(1) We should authorize no new state activities and create no new state institutions; (2) we should raise no salaries except when it can be clearly shown that through salary increases it will be possible to obtain the services of administrative heads who can save their salaries through greater efficiency and economy of operation; (3) we should authorize no construction not imperatively and immediately needed; (4) we should create no new state obligations; (5) we should make a careful survey of the administrative code to determine whether it would not be feasible to discontinue some of the state's activities; (6) we should not extend any new form of state aid to promote local activity nor should we accept any new form of federal aid conditioned on state expenditure." In addition to these recommendations the governor urged the legislature to pass no acts that would increase local expenditures and urged the legislature to place reasonable limitations on the power of municipal bodies to issue bonds.

After a fierce battle in the legislature the reorganization bill was passed, after it had been considerably modified, and, in the opinion of many competent critics, very much weakened. Not much was done in the way of eliminating useless or obsolete state functions or in making regroupings in the interest of efficiency. The outstanding achievement is the creation of administrative and financial control.

The reorganization of the state administration is found in the 1925 Minnesota Session Laws, Chapter 426. This chapter reorganizes the administrative departments of the state by centralizing administrative and financial control in the governor; creates, in addition to the Executive Council, thirteen departments of administration, namely, Administration and Finance, Conservation, Drainage and Waters, Dairy and Food, Agriculture, Commerce, Health, Education, Highways, Labor and Industry, Public Institutions, Taxation and Rural Credits.

The Executive Council composed of the governor, the attorney general, the state auditor, the state treasurer, and the secretary of state, assumes the powers previously exercised by the board of timber commissioners, the state board of deposit, the Minnesota state land commission, and the state board of relief, which departments are abolished by the act.

The Department of Administration and Finance is created as the central budget agency for the state and is under the supervision of the Commission of Administration and Finance, which is composed of the comptroller, the commissioner of the budget, and the commissioner of purchases, all of whom are appointed by the governor with the advice and consent of the Senate, but removable at any time by the governor, each serving for six years, one retiring every second year, each with a salary of \$5,000 per year. This commission is entrusted with the supervision and control of state expenditures, the making of all contracts and purchases, including construction of public buildings, auditing of all departmental accounts, classification of employes according to the character of service rendered and the salaries received, and authorizing the expenditure of appropriations by the departments in accordance with advance quarterly estimates of needs of such departments, together with the right to exercise all powers previously performed by the state board of control with respect to the erection and construction of buildings and the purchase of fuel for use in public buildings but not including supplies, equipment, and materials for repairs of buildings, which functions are reserved to the board of control but subject to the general supervision of the commission, and, finally, to prepare a budget for all receipts and expenditures of the state government not later than December first in the year preceding the convening of the legislature, which budget is made up from the estimates

returned by the heads of departments on prescribed forms, and must be a complete statement to be included in the governor's recommendations to the legislature with regard to amounts to be appropriated and the means for raising money to finance the same. The particular duty of the comptroller is to prescribe uniform records and methods of accounting in the various departments; that of the state auditor, to examine all accounts and approve all claims legally authorized; that of the commissioner of the budget, to formulate the budget estimates; that of the director of personnel, designated by the commission from its own membership, to supervise all matters relating to employes of the state.

With the exception of the Department of Conservation and the Department of Commerce, only a few changes are made in the direction of consolidating the administrative departments and boards of the state; the other new departments in most cases are to perform the functions previously exercised by a commission or board with a similar name, only minor functions being transferred from one department to the other. The Department of Conservation will take over the activities previously performed by the game and fish department, the forestry board, the timber commission, state board of immigration, and other agencies, while the Department of Commerce will perform the duties previously exercised by the department of banking, the securities commission, and the department of insurance. The State Live Stock Sanitary Board is left intact by the act. The law authorizes the governor to combine departments without consolidating them through the device of appointing the head of any department to head another department without extra compensation. Governor Christianson has announced his intention to make use of this provision.

Despite Governor Christianson's warning in his inaugural address, the legislature passed several bills raising the salaries of local officers. These bills were promptly vetoed by the governor, and although the governor vetoed items in the final appropriation bill amounting to about two million dollars, the total appropriations made by the last legislature were practically the same as were made by the legislature of 1923. The new law goes into effect the first of July, 1925, and the people of Minnesota confidently expect Governor Christianson to make an economy record with the newly reorganized administrative machinery



without impairing efficiency. The key to the situation is the control of the governor acting through a department of administration and finance. The act is not as thorough-going as the bill suggested by either the Efficiency and Economy Commission of 1915 or the report of the Interim Committee of 1925; but many think it is a start in the right direction and can be amended from time to time as added experience and changing circumstances may indicate.