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THE EFFECTS OF REORGANIZATION: AN ANALYSIS
OF THE CONSOLIDATION OF LOUISIANA'S
HEALTH AND WELFARE AGENCIES

A Dissertation Presented

By

Mary Karen O'Brien

Submitted to the Graduate School of the
University of Massachusetts in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May, 1979

The Department of Political Science



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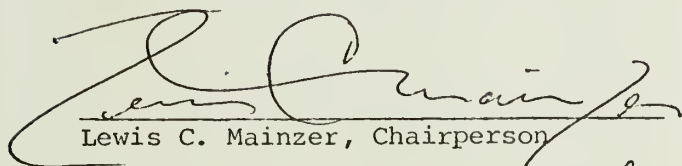
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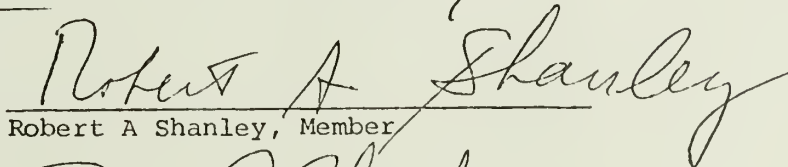
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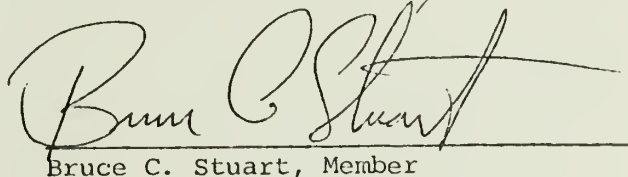
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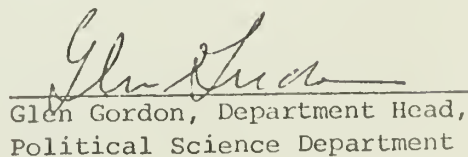
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ABSTRACT

THE EFFECTS OF REORGANIZATION: AN ANALYSIS
OF THE CONSOLIDATION OF LOUISIANA'S
HEALTH AND WELFARE AGENCIES

May, 1979

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In 1973, fifty-nine health and welfare agencies in Louisiana were consolidated under one large umbrella department. Included in this consolidation were the departments of health, welfare, and hospitals; two hospitals which operated independently of the hospital department; and several boards and commissions. The purpose of this case study is to determine what effect that reorganization has had on: 1-the structures of the reorganized agencies, 2-the personnel of those agencies, 3-the decision-making and management procedures in the new department, 4-the

outputs (i.e., the policies, programs and services) of the consolidated department; and 5-the political-administrative environment in which the department operates. In each instance, the question that has been asked is: Has reorganization made any difference?

Based on the findings of this study, it cannot be said that the Louisiana reorganization was a great success. It has not saved the state millions of dollars as its supporters predicted; nor has it resulted in improved health and welfare services. Nevertheless, the Louisiana reorganization has had important consequences. It has given the governor greater leverage in dealing with the state bureaucracy, and it has also allowed a limited reassessment of the state's health and welfare policy. Interestingly, the governor's espousal of reorganization has gained him support with taxpayers as well as users of the health-welfare system. The poor and the needy of the state were gratified by the governor's concern for the quality of health and welfare services. In addition, blacks supported the governor's appointment of blacks to key positions in the department. Those appointments seemed to symbolize the governor's commitment to greater black participation in state government.

Thus, while it cannot be said that reorganization has achieved all that was predicted for it, the fact is

that reorganization has made a difference in Louisiana. Whether or not the state reorganized its health and welfare agencies obviously mattered to the governor, the legislators, clientele, the public, and the providers of the state's health and welfare services. Because of this, it might be concluded that the greatest impact of this reorganization was not in the administrative realm, but in the political realm.

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INTRODUCTION

Over the past seventy years, administrative reorganization has become a major field of interest for students of public administration and state government. The literature is particularly rich in that it contains many useful case studies showing how reorganization decisions are made. Those studies include the Inter-University Case Program (commonly called the ICP series)¹ as well as the collections by Harold Stein² and Frederick Mosher³ (the latter focuses entirely on case studies of administrative reorganization of state governments).

Most of those studies found that there is a great deal of politics involved in making reorganization decisions. Contrary to the rhetoric of the early reformers, the question of organization structure is not a technical matter that political actors are content to leave in the hands of the professional bureaucrats. The reason for this lies in the fact that the determination of organization structure may be important in deciding which interests will receive greater emphasis in the political system. In practical terms, this means that the choice of organizational structure may affect decisions on budgets, programs, or personnel. Since reorganization

represents an attempt to change organizational structures,⁴ one can readily understand bureaucratic reluctance to reorganize. And, as case studies have shown, this bureaucratic reluctance can produce reorganization debates which are protracted and often very bitter.

But what happens after a reorganization plan has been approved by a legislature? Given the intense struggle involved in the reorganization process, it is difficult to believe that all combatants will accept the reorganization decision as final. It would seem more likely that they will continue to fight to obtain the organizational structures which they believe will be most beneficial to their interests.

A major limitation of much of the existing reorganization literature is that it fails to provide a systematic analysis of the effects of reorganization. The authors of the reorganization case studies seem to take it for granted that the intended effects of a reorganization will actually be realized. However, judging from the findings of a follow up case study by Francis Rourke, this assumption cannot be made.⁵ Rourke's study focused on the attempted reorganization of the federal employment services. He found that while the reorganization was successful in achieving a formal change of organizational structures, it did not alter the established patterns of interaction between the reorganized agency and its sup-

porters.

Thus, Rourke's study suggests that implementing a reorganization is actually a very dynamic process. Administrative agencies and their supporters are not likely to halt their struggle against a reorganization just because a legislative body has formally approved it. On the contrary, they will probably continue their struggle in an attempt to modify or to accommodate the organization change. In the long run, it is possible that a systematic study of the attempt to implement a reorganization will reveal additional insights into organizational behavior.

The purpose of this study is to provide a follow up study of the 1973 Louisiana reorganization. The primary focus will be on ascertaining how the consolidation of fifty-nine health and welfare agencies under one large umbrella department has affected the state's administrative system. More specifically, the study will examine the effect of the 1973 reorganization on: 1-the structures of the fifty-nine agencies consolidated under the umbrella department, 2-the personnel of the consolidated agencies, 3-the decision-making and management procedures in the new umbrella department, 4-the outputs (i.e., the programs, budget, policies, and services) of the umbrella department, and 5-the political-administrative environment in which the department operates. In each instance, the

questions which will be asked are: Has reorganization made any difference? If so, what?

Data for this study will be gathered from a variety of sources. These include: newspapers, public documents, personal observations of the writer, and interviews with political-administrative actors.

Notes for Introduction

1. The Inter-University Case Program has been publishing case studies since 1951. This series includes case studies of all levels of government; however most of them seem to focus on the federal level.
2. Harold Stein, ed., Public Administration and Policy Development: A Case Book (New York: Harcourt, Brace 1952). The Stein collection of case studies was published as part of the ICP series.
3. Frederick C. Mosher, ed., Governmental Reorganization: Cases and Commentary (New York: Bobbs-Merrill, 1967).
4. James W. Davis, Jr., The National Executive Branch (New York: The Free Press, 1970), pp. 195-197.
5. Francis E. Rourke, "The Politics of Administrative Reorganization: A Case History," Journal of Politics 19 (August, 1957), 461-478.

C H A P T E R I
A REAPPRAISAL OF THE STATE ADMINISTRATIVE
REORGANIZATION MOVEMENT

Introduction

When Edwin Edwards took office as Louisiana governor in 1972, there was reason for the general public to be excited. He was the first Cajun Catholic elected governor in modern times. (He even took his oath of office in French!) Perhaps even more significant though, was the promise of an era of reform during the coming Edwards administration. Louisiana had just gone through an embarrassing period of political scandals involving charges of links between the governor's office and organized crime figures. To make matters worse, these scandals had received national attention through a series of articles in Life magazine.

During the 1971-72 election campaign, several of the gubernatorial candidates had offered detailed plans for reforming state government. These included: administrative reorganization, constitutional revision, financial reform, and revision of the state's laws governing the conduct of public officials. Shortly after Governor Edwards took office, he presented his reorganization plan

to the state legislature. Among the areas scheduled for reorganization was health-welfare. His plan called for the consolidation of fifty-nine separate health and welfare agencies under one large umbrella department (whose commissioner would be appointed by the governor).

Edwards predicted that his consolidation plan would result in better management of the state's health and welfare services and in a great financial savings for the state. The latter claim, in particular, received a great deal of publicity in the media. Supposedly, the savings would come about through the combination of overlapping programs and the elimination of others which were deemed to be no longer needed. Although most of the governor's reorganization plan failed to be approved by the legislature, the health-welfare consolidation was.

Even a cursory glance through the reorganization literature shows that the recent Louisiana reorganization was not unique. On the contrary, that reorganization may best be seen as part of a national reform movement which had its beginnings in the late nineteenth century. Its moralistic/reformist tone as well as the promise of economies and efficiency fit into a general pattern that the 1973 Louisiana reorganization appears to follow. Therefore, in order to understand more fully the Louisiana reorganization, it seems appropriate first to reexamine the general state reorganization movement. Questions which

must be considered are: How and why did the movement develop? What were its basic objectives? Why did it fail? And, where is the state reorganization movement heading in the 1970s? Answers to these questions may give added insight into the 1973 Louisiana reorganization.

Origins of the Movement

The growth of state government in the nineteenth century.

The roots of the state reorganization movement can be traced to the late nineteenth century. Because of the tremendous economic and urban expansion in this country, there was pressure on state government to assume new functions in the areas of health, education and welfare. In response to these demands, states enacted health and sanitary codes, created boards of public health and charity, and expanded their public education systems. As each new function was added, a separate agency was created to administer it. It was not uncommon to find several agencies operating similar programs. Since these were independent agencies, they were free to pursue their own policies regardless of how they conflicted. As a result, it became increasingly difficult to say what state policy was. This situation worsened as states continued to add new functions.¹

The heart of the problem lay in the fact that there was no one in state government with enough power or au-

thority to coordinate the activities of the administrative branch. Most people assumed that the governor was the logical choice to play this role. However the legacy of the states' colonial experience had left a deep-seated mistrust of the governor which was reflected in most of the state constitutions adopted in the eighteenth and nineteenth centuries.² When the new administrative agencies were created in the late nineteenth century, they were given either popularly elected department heads or multi-member boards over which the governor had very limited power. Since few governors possessed any significant staff services (e.g., budget making authority), the governor had no effective means to force state agencies to coordinate their activities.³

The state legislatures were even less equipped to control and coordinate the state bureaucracy. The same legacy that had led to the creation of a weak executive system had also led to the creation of a system dominated by the legislative branch. When some legislatures abused their powers, there was pressure to strip state legislatures of their excessive powers. In the process, many states went too far in the other direction. They enacted constitutional provisions limiting the legislature to biennial sessions and prohibiting certain legislative actions (for instance, incurring a state debt).⁴ The effect of this governmental fragmentation was to cre-

ate a political vacuum in state government. According to political scientist Allan Richards, this situation begged for someone who could bring order to the chaos.⁵

Political corruption and the goal of responsible government.

That someone who filled the vacuum in state government was the political boss; however his ascent to power was characterized by a degree of political corruption previously unknown in American government.⁶ Historian Richard Hofstadter says that it was the newspaper and magazine articles of the Muckrakers which first exposed the widespread nature of the corruption. Those articles showed large corporations contributing to the political machines in return for governmental contracts and other favors which the machines could offer.⁷

As might be expected, public reaction to the corruption was swift as civic-minded citizens organized clubs to promote good government. Although political amateurs, they managed to elect some reform candidates. However lacking strong organizational support, those candidates usually lost to machine candidates at the next election.⁸ Richard Hofstadter suggests that beyond the election of "good men" to office, the reformers were not certain what they wanted to achieve through political action. He says that the reformers often spoke of wanting to:

restore a type of economic individualism and political democracy that was widely believed to have existed in America and to have been destroyed by the great corpor-

ation and the corrupt political machine; and with that restoration to bring back a kind of civic purity that was also believed to have been lost.⁹

Typical of the reform measures they proposed were the direct primary, the recall, and the initiative and referendum. These were supposed to increase citizen participation as well as strengthen citizen control over government. The record shows that these objectives were never realized.¹⁰ In the end, the reformers had overestimated the ability of the average citizen to use such complicated measures as the initiative and referendum and had underestimated the ability of the political bosses to adapt to changing circumstances. Hofstadter reported that in most cases the bosses "found ways to deflect or to use the reforms that were meant to unseat them."¹¹

The drive for economy and efficiency. The creation of the New York Bureau of Municipal Research in 1906 signaled both a new direction in the government reform movement and the beginning of a "science" of administration.¹² The founders of the research bureaus brought to the government reform movement a more realistic, pragmatic approach to governmental problems which was not focused just on electing "good men" to office. According to Jane Dahlberg, this different focus may in part be attributed to the fact that the founders of the research bureaus had been trained in the country's newly organized business schools.¹³ The government researchers believed that management tech-

niques useful in a large corporation could be adapted for use in government. They saw the creation of formal research bureaus as a means of facilitating both the accumulation of descriptive data about government operations and the application of the analytical techniques and standards borrowed from their business backgrounds.¹⁴

One of the concerns which the government researchers brought with them to the reform movement was an interest in economy and efficiency.¹⁵ In this context, the most important influence may have been Frederick Taylor's theory of scientific management. Taylor's studies of the steel industry convinced him that most business inefficiency resulted from poor utilization of resources. Taylor claimed that the solution lay in finding the "one best way" to organize every work task.¹⁶

Taylor's work was enthusiastically embraced by the government researchers. They reasoned that if Taylor's assumptions could produce efficiency in industry, then application of his "one best way" to government would produce similar results.¹⁷ Therefore, the government researchers began directing their work toward discovering the best way to organize each government function.¹⁸

Not everyone agreed with this new direction in the government reform movement. Many believed that this new direction was incompatible with the pursuit of government responsibility because it entailed strengthening the gov-

ernor without assuring an adequate check on that power. On the other side, the government researchers argued that government could be made both efficient and responsible. They contended that the consolidation of executive functions under the governor would not only increase the likelihood of obtaining efficiency in government, but would also provide the voters with a readily identifiable official to hold accountable for the actions of government. As the government researchers concluded, this would be impossible to obtain under a fragmented governmental system.¹⁹

The standards of state reorganization. Over the span of ten years, the New York Bureau issued numerous studies making specific recommendations for improving administrative organization and management in municipal governments. In 1915, at the request of the New York constitutional convention, the Bureau undertook the first comprehensive study of state government. Although its proposals were rejected by the voters, its recommendations on agency consolidation, the executive budget, and gubernatorial staffing patterns became the model as one state after another reorganized its administrative structures.²⁰ By 1938, twenty-three states had adopted reorganization plans. Based on those experiences, Arthur E. Buck compiled a list of the standards of state reorganization.²¹

That list is still cited in most introductory state government texts.

First on Buck's list was "the concentration of authority and responsibility under the elected chief executive." This necessitated giving the governor power to appoint and remove the heads of all administrative departments. As Buck noted, many states permitted exceptions to this standard. The argument was that some administrative positions (like the attorney-general for instance) were too sensitive to be brought under the governor's control. Buck warned that once exceptions were made for some agencies it would become easier to ask for still other exceptions. Buck believed that this was the most important of the reorganization standards. Its dilution could mean the failure of a reorganization plan.²²

The second standard called for "the consolidation of all related administrative functions under one department."²³ In the view of Buck and the other early state reorganizers, implementation of this standard was simply a technological problem. They believed that it was a matter of gathering data on all the functions performed by government and then assigning similar functions to one department.²⁴

What the early state reorganizers and Buck failed to understand was that some programs simply do not divide along neat departmental lines. For instance, what about a

program designed to stimulate the sale of agricultural goods to foreign nations? Does it belong under the State Department or under the Department of Agriculture? There is no easy answer to this question. As one writer warned:

the term functionalism is, seemingly, capable of such broad interpretation, or misinterpretation, that it can be used to justify the creation of a department which would encompass the entire government. ...in this sense the concept of functionalism is totally valueless as a basis of departmental integration.²⁵

The third standard on Buck's list called for "the elimination of the use of boards for purely administrative work." Boards and commissions had originated as a means of insulating administrative work from politics. In practice, this arrangement had only promoted administrative irresponsibility and the capture of the boards by the special interests. With state problems growing more complex, there was serious doubt whether a multi-member board was the most efficient administrative arrangement. For these reasons, the state reorganizers advocated abolishing all boards except those used for regulatory purposes.²⁶

The fourth standard of reorganization called for "the provision of staff services to the governor."²⁷ The state reorganizers believed that these services were essential if the governor was to be able to control the administrative agencies under his supervision. These staff services would include: special administrative and program experts who could provide the governor with an independent

source of policy information, budget making authority over all operating agencies, central purchasing, planning, and central accounting. Evaluating these staff services in a 1950 publication, the Council of State Governments concluded that the budget had become the most important tool of the twentieth century governor because it offers "the opportunity for the consideration of all programs and policies in one consistent frame where they might be compared, their relationships examined, and rational choices made."²⁸

Fifth on the list was the "provision for an independent audit."²⁹ This audit was supposed to be the function of the state legislature. It is interesting to note that the audit proposal represents the only attempt by the state reorganizers to improve the legislature's control over the state bureaucracy.

The final standard called for "the recognition of the governor's cabinet."³⁰ Neither Buck nor any of the other reorganizers ever fully explained this standard, but it can be presumed that they had in mind the model of the President's cabinet. They envisioned a collegial body participating with the governor in decision-making. Unfortunately, this was not the manner in which the federal cabinet operated. The President has never shared his decision-making authority with his cabinet. With respect to the governor, one must conclude that few governors

having just improved their decision-making authority would want to share it with a cabinet.

To summarize briefly, the beginnings of the state reorganization movement can be traced to the late nineteenth century when government reformers were struggling against the political machines. The reformers' initial efforts were directed at making government more responsible to the people. They concentrated their efforts on removing corrupt politicians from office and replacing them with "good" men. Beyond that, they seemed to have no clear idea of what they wanted these "good" men to do once they were in office.

It was the development of the government research bureaus which gave the government reform movement its concern with economy and efficiency. Heavily influenced by business methods, the government research bureaus focused their efforts on reorganizing governmental structures in order to make government more economic and more efficient. Eventually, they developed a set of standards which included: 1-concentration of authority and responsibility under the elected chief executive, 2-consolidation of all related administrative functions under one department, 3-the elimination of the use of boards for administrative work, 4-the provision of staff services to the governor, 5-the provision of an independent audit, and 6-the recognition of the governor's cabinet. These

standards are still used whenever a state undertakes administrative reorganization. However, it should be noted that the use of a standardized model has not made the state reorganization movement anymore successful in achieving its objectives. Is this because the standards were inadequate to begin with? Or, is there some other reason for the failure of the movement?

Why State Reorganization Efforts
Have Not Been More Effective

It is evident to anyone familiar with the last sixty years of state government that administrative reorganizations have now become a common occurrence. Since 1917 when Illinois became the first state to adopt a comprehensive administrative reorganization plan, every state has engaged in some reorganization activity. Yet despite this record of frequent adoptions, there is no evidence to indicate that the reorganization movement has actually achieved more efficient management or more responsible state government. On the contrary, the evidence suggests that duplication and overlapping are still the most common characteristics of state administration. There is constant worry that state bureaucracy has become uncontrollable.³¹ While there are many reasons one could cite for the ineffectiveness of the state reorganization movement, three seem most prominent.

1. The failure of the state reorganizers to appreciate the politics involved in the reorganization process.

When the first state reorganization plans were being drafted, the prevailing orthodoxy in public administration included two premises which the early state reorganizers wholeheartedly endorsed: 1-that organization theory was a technological problem, i.e., the choices of agency structure and location were matters to be decided by objective criteria such as hierarchy, span of control, etc. and 2-that politics and administration were two separate processes, with the first the domain of the elected political officials and the second the domain of the professionally trained and politically neutral career administrators.³²

As a result, the state reorganizers saw reorganization as a technological problem solvable by the application of the proper scientific principles. It was almost unthinkable to the early state reorganizers that opposition to the reorganization plan could develop since it was grounded in "scientific methods."! Moreover once a plan was officially adopted by a state, the reorganizers expected the administrative specialists to implement it without hesitation. Thus the early state reorganizers seldom planned for the implementation phase. They saw no need for the hiring of special consultants or other administrative personnel who would oversee the implementation. Spurred by the belief that reorganization also produced

economies in government, the early reorganizers no doubt would have viewed these extra administrative expenses as wasteful!

What the early state reorganizers did not understand was that organization theory is actually a choice of political strategy because "a choice of organizational structure is a choice of which interest or which value will have preferred access or greater emphasis" in the administrative system.³³ This is why agencies consider administrative structure to be so important. They believe that it may influence decisions on budgets, functions, programs, personnel, or even agency prestige. Thus, bureaucratic participants (e.g., the agency, its clientele, the governor, and legislators) will fight to obtain the kind of organization they believe to be most beneficial to their interests. Any proposal to change structures, as would be encompassed in a reorganization plan, is greeted by them with fear and suspicion. If a reorganization plan threatens their interests, it is likely that bureaucratic participants will try to kill the plan. Failing this, they will probably try to have the objectionable provisions removed from the plan.³⁴

Even after a reorganization plan is officially adopted, there is no guarantee that it will ever be implemented. Administrators are not robots in the policy execution phase. On the contrary, they are influenced by

their professional training, prejudices, interests, etc. It seems likely then that those who have been adversely affected by a reorganization will continue their struggle throughout the implementation phase. In fact, case studies show that this is where most reorganizations (or more accurately, their objectives) are defeated.³⁵ Since the early state reorganizers did not consider implementation to be a problem, they did not maintain any vigilance to assure that their plans were fully implemented. This left the affected agencies free to maneuver. The result was very often the nullification of the organization chart on which the state reorganizers had worked so diligently.

An example from the literature which illustrates this can be found in Francis Rourke's study of the 1949 reorganization of the federal employment security program under the Department of Labor.³⁶ The principal opponents of the reorganization were the state employment offices which feared that their autonomy would be destroyed under the proposed reorganization. Except for a brief period under the War Manpower Commission during World War II, the state agencies long enjoyed a great deal of discretion and freedom of action under the federal employment agency. The state employment officials believed that the proposed reorganization was just a guise for a plan to nationalize the employment security program and give the Secretary of Labor complete authority over state actions.

Also opposing the reorganization were employers' groups who feared that the reorganization would result in increased taxes for them. They also believed that the Secretary of Labor could not be a neutral observer in matters involving wages and workers. Thus, employers' groups expected the reorganization to result in a biased administration of the employment security program.³⁷

Despite the vigorous objections of these groups, the 1949 reorganization passed. This did not end the struggle for control of the employment security program. Shortly after adoption, the Secretary of Labor threatened to withhold federal funds from two states which he claimed were not complying with federal standards. This was exactly what the states had feared, and they used the opportunity to mount a congressional attack on the secretary's authority. Not only did they succeed in forcing the secretary to withdraw his threat, but they also succeeded in getting Congress to approve an amendment to the Social Security Act. That amendment would prevent any further attempt by the Secretary of Labor to nationalize the system.³⁸

As this case illustrates, politics is involved both in the adoption and implementation phases of a reorganization plan. In this particular case, the informal relationship which existed between the states and the federal agency proved to be the deciding factor in defeating the objectives of the 1949 reorganization plan. Be-

cause state reorganizers have so seldom taken all of these "political" factors into account, they have not prepared for the intense struggles which continue long after a plan is officially adopted by a state. For this reason, many reorganization plans become just useless additions to organization charts.

2. The overemphasis on the claim that adoption of structural reorganization will result in significant monetary savings for state government.

One of the things that stands out in the rhetoric of the state reorganization movement is that structural reorganization was supposed to achieve savings for state government. The theory was that the consolidation of overlapping programs and functions and the elimination of others whose existence could no longer be justified would produce those economies.³⁹ A.E. Buck cited several cases of states saving millions of dollars just by enacting a reorganization plan. In his book, Buck urged all proponents of reorganization to use the savings aspect as the principal selling point for a reorganization.⁴⁰

However a close examination of the record shows that structural reorganization by itself has never achieved the predicted savings. Lewis Meriam and Laurence Schmeckebier, in their study of federal reorganizations, demonstrate that the kind of budget savings envisioned by the early state reorganizers can only be achieved by the wholesale elimination of government functions. As the

authors show, this process of eliminating functions must begin with the largest departments since they are the major consumers of a government's budget.⁴¹ However these also happen to be the long established departments with powerful interest group and legislative backing. For this reason, Meriam and Schmeckebier conclude that it is unlikely that economy measures will begin in these departments. Therefore, the likelihood of achieving large monetary savings through reorganization is remote.

On the other hand, there is some indication that improving budget, purchasing and accounting procedures, introducing central planning, and professionalizing the career civil service may produce a more efficient government. The executive's ability to decide among competing policies and programs may be enhanced, and the ultimate result may be the provision of better services to those who need them.⁴² Ironically, the implementation of these efficiency measures may actually lead to budget increases. It has been shown that professionalization of the public service creates built-in pressures to increase government spending. This arises because professionals want to improve the quality of government services by adopting the innovative new programs recommended by their disciplines. In the long run, this is going to increase governmental expenditures.⁴³

It must be concluded then that overemphasizing the

savings aspect of structural reorganization has fostered hopes which cannot be realized. As a result, reorganization plans are abandoned quickly when the expected savings do not materialize. Given the great number of reorganizations that have occurred since 1917, it appears that states are caught up in a perpetual cycle of adopting reorganization plans. Some of these abandoned reorganization plans are eventually recycled when another period of reorganization activity occurs. Data on past reorganizations show that none of this activity has yet produced the significant savings that were predicted by Buck and the other early state reorganizers. In the final analysis, it would appear that this overemphasis on concrete economies has detracted from the effort to make government more efficiently managed.

3. The continued inability of the governor to control the state bureaucracy.

Despite all of the recent efforts to strengthen the office of the governor, the weakness of the office remains a major obstacle to achieving an efficient and responsible administrative system. Part of the problem lies in the increasing specialization of the state bureaucracy over the last thirty years. Given the complexity of state problems, the governor simply cannot compete with the policy expertise of the bureaucracy. The latter has developed a finely tuned sense of the "rules of the game." It knows,

for instance, that despite the governor's statements that he will not allow a budget increase for the present fiscal year, there are built-in pressures which will force such increases over the governor's objections.⁴⁴

The governor is always cast in the role of the newcomer to the system. He comes into office with little knowledge of complex policy matters (although he may have a pet policy which he promotes) and often with no previous administrative experience. His personal policy staff is as novice as the governor it is trying to serve. Moreover, just as the governor and his staff are beginning to acquire some expertise in administrative matters, the governor's term ends. The cycle then begins anew as a new governor takes office.⁴⁵

After studying the Illinois budget process, Thomas Anton was led to conclude that state government could probably run itself without even having a governor in office. Anton suspects that the governor is aware of his tenuous position and that this prompts him to try to prove to the system that it really needs him. One way the governor can accomplish this is by championing change: a reorganization plan or perhaps the adoption of a new program. But there are limitations on the governor's time and policy expertise. The governor soon finds that he must confine his change efforts to one agency or one functional area at a time. The result is that while the governor is preoccu-

pied with that one area others go virtually unreviewed, some even for years. Anton concludes that in the end the governor's change efforts are probably more symbolic than substantive.⁴⁶

Another factor in the governor's continuing inability to control the state bureaucracy can be traced to the growth of the federal grant-in-aid system. By its nature, the grant system is restrictive since each grant program arises from a federal decision to promote certain policy aims on a national scale.⁴⁷ Because the federal government cannot force a state to participate in the program, it must buy the state's cooperation by agreeing to bear the largest share of the program's cost.⁴⁸ By 1975, there were 975 separate federal assistance programs with a total value estimated at \$51.7 billion.⁴⁹ Obviously this sum represents an important revenue source which enables states to expand and improve their services. However it must also be acknowledged that this grant system has taken much of the policy initiative and control from the governor and given it to a "federal/state administrative network."

This network had its origins in the federal requirement that state officials operating grant programs be covered by a merit system. It has been furthered by federal efforts to introduce educational requirements for professional staff. In the process, state adminis-

trators operating federal grant programs have become important allies of the federal government. They tend to have policy objectives which are similar to those of their federal counterparts. Since they are in constant communication with federal officials, state administrators become the "official" interpreters of federal policy intentions. Elected state officials who for the most part have been left out of those discussions must either accept the administrators' interpretations or risk losing federal grant money for noncompliance.⁵⁰

State administrators also play a role in maintaining state compliance to all federal program regulations. The ultimate weapon which the federal government has in inducing state compliance is the withholding of federal funds. In practice this is seldom used since federal policy aims can only be realized if a program is functioning. Nevertheless the threat to withhold federal funds remains an important weapon in federal/state negotiations concerning the level of state compliance. A state must however be convinced that this threat may be carried out in its case, and state administrators cooperate with federal officials by convincing state elected officials that the federal threat is genuine.

In her study of the federal grant system, Martha Derthick describes how the Massachusetts Public Welfare Commissioner convinced state legislators that the federal

government would withhold grant funds unless the state adopted an educational requirement for public welfare case workers. Derthick feels that this cooperation of state officials is pivotal in negotiating state compliance. Without it, federal policy aims cannot be assured.⁵¹

Within the last ten years, there has been an effort to give the governor and state legislators more participation in the management of the grant system. A report of the Advisory Commission on Intergovernmental Relations (1977) details the changes which have taken place since 1968 when the Intergovernmental Cooperation Act was passed during the administration of Lyndon Johnson.⁵² The basic purpose of the 1968 legislation was to facilitate coordination among the various federal grant programs and the levels of government which administered them. The Advisory Commission's report states that the Nixon administration made the 1968 legislation the basis for its "new federalism." According to the report, Nixon felt that the solution to most of the problems confronting twentieth century government lay in "improved administration and refined technique."⁵³ Thus unlike the Kennedy and Johnson administrations, the Nixon administration was predisposed to solving managerial issues.

This inclination was reflected in Nixon's efforts to consolidate federal grant programs, to reorganize the federal government, and to create state clearinghouses

through which state officials could review and comment on federal-aid programs.⁵⁴ The capstone of the Nixon efforts came with the passage of the State/Local Fiscal Assistance Act of 1972 (revenue sharing).⁵⁵ That legislation provided for the giving of undedicated federal money directly to state and local governments for purposes which they would determine. State officials had long argued that the grant system thwarted state creativity by placing too many program restrictions on state administrators. The Nixon administration was attempting to answer this criticism by returning major decision-making responsibility to the states. Although it is clear that these efforts have established the machinery through which the governor and state legislators can recapture some of the policy initiative they lost to the bureaucracy, it is still too early to know how well individual governors are using this machinery. Moreover there also remains considerable question whether revenue sharing has actually resulted in the creation of innovative state policy.

In summary, three reasons seem to account for the ineffectiveness of the state reorganization movement. First, state reorganizers have not taken into account the politics involved in determining organizational structure. Political actors are concerned with the question of structure since it may determine which interest will have greater access to the governor and other decision-making

centers in state government. Therefore, they are willing to fight to determine the type of structure which they believe will most favor their interests. If this means openly opposing a reorganization plan or subverting a reorganization once it is officially adopted, then they are prepared to do so. Second, state reorganizers overemphasized their claims for economies which might result from reorganization. Studies show that great economies are not possible unless politicians are willing to abolish government programs. Since they are not willing to take this step, it is obvious that reorganization plans are not going to result in any tremendous savings for government. Third, the power of the governor has not kept pace with the rapid growth of the state bureaucracy. The federal grant-in-aid system has increased the influence of state administrators since they know how to deal with their federal counterparts. Although there have been several changes in the federal grant system which may improve the governor's chances of influencing state policy, it is still too soon to evaluate the effect of these changes.

State Reorganization in the Seventies

Factors contributing to the renewed interest in reorganization. In spite of the well-publicized past failures of the state reorganization movement, it now appears that a

new wave of reorganization activity has begun. Since 1965, nineteen states have undergone comprehensive reorganization and many others have undertaken reorganization studies.⁵⁶ As in the past, the motivations for the interest in reorganization appear to be similar for most of these states.

The first and also the most common motivation stems from the desire to make state administration more effective.⁵⁷ Over the last decade, there has been growing concern that government is incapable of responding innovatively to major domestic problems. Governmental structures are seen as being mired in red tape. Critics charge that government reacts to a crisis after it happens rather than anticipates it before it occurs. Thus instead of arriving at innovative solutions to the problem, government seems to attempt a patchwork solution designed to cope with the immediate crisis.

It was in response to those concerns that the federal government began efforts to improve the grant system and to institute reorganization among its own departments. On the state level, the response has prompted a renewed interest in reorganization as a means of revitalizing state administration. Supporters believe that reorganization can create the kind of administrative environment in which significant policy changes may occur.

The second factor contributing to the recent

interest in reorganization stems from the fiscal crisis in which many of the states now find themselves. States are faced with a dwindling base of revenues coupled with an almost insatiable demand for still more government services.⁵⁸ Since most people believe that state taxes are already too high, it does not seem likely that there will be any public support for even higher taxes. This has placed state officials in the unenviable position of trying to accommodate these demands with the available resources. Since the two are not equal, something has to give; or does it?

Many decision makers are claiming that reorganization is the solution to their fiscal problems. They say that the reorganization process will provide them with the opportunity to reevaluate entrenched programs which normally are exempt from review in an incremental decision process. In rhetoric that sounds ominously similar to A.E. Buck, governors and other state leaders are confidently predicting that significant savings can be achieved if reorganization plans are adopted. With these savings, they expect to be able to meet the public's demand for additional government services. Unfortunately given the past promises of state reorganizers and their failure to achieve great economies (or any at all), one has to question the advisability of trying to sell the public a similar spiel. One also has to wonder whether today's public

will be so gullible as to accept these extravagant and unproved claims.

A third factor in the recent reorganization activity stems from the states' experience with Planning, Programming and Budgeting systems (PPB) during the 1960s. After the meager accomplishments of the two national Hoover Commissions and the "little Hoover commissions" on the state level, many people grew disenchanted with the state reorganization movement. They had seen the great promises of the Hoover Commissions dissolve in the bitter political conflicts over reorganization, and they were reluctant to go through that again. Evidence of this can be seen in the fact that there was not much reorganization activity from the mid-1950s until the present wave of reorganization began in 1965.⁵⁹

In a sense, PPB bypassed the reorganization process by trying to rationalize the decision process through a budget system.⁶⁰ PPB's proponents claimed that it could identify major governmental programs, define program goals, establish priority among those goals, and offer alternative approaches to reach those goals. They claimed that once the decision was made to pursue a certain program PPB would then serve as the means by which the elected officials could evaluate the program's effectiveness.⁶¹

The attempts to implement PPB failed, but in the

process students of administration rediscovered the value of reorganization. One of the problems which PPB had faced was that it created program structures which did not correspond to actual organizational structures. Thus program structures had little relevance to the decision makers or administrators. To adapt PPB program structures to what PPB's proponents saw as chaotic organizational structures would have defeated the purpose of PPB. Therefore, the solution seemed to point toward the creation of organizational structures which corresponded to the major program areas of government.⁶²

In 1969, the state of Massachusetts tried unsuccessfully to implement both a reorganization plan and a PPB type decision structure called "Program Management System." The architects of the Massachusetts plan believed that their Program Management System would be an important tool in the hands of the newly appointed cabinet secretaries. According to one official, the budget system would give the secretaries an extra edge by providing them with "a clear capability to describe who was doing what, to whom, at what cost, and with what presumed results."⁶³

A fourth factor stems from the effect of the citizen participation movement of the 1960s. The desire to make government more responsible to the people was a major factor in the early state reorganizations. The

recent citizen participation movement echoes this desire, calling for government to be more responsive to people's needs. The movement seems especially concerned with government's responsiveness to the needs of poorer citizens in urban areas. These are the people who have been underrepresented both in the elected government offices and in the bureaucracies which administer government programs.

The citizen participation movement gave rise to a host of demands for community control over neighborhood schools, community development programs, health services, and other programs which deliver social and human services. In some cases, the movement even produced demands that the regular civil service be bypassed in order to place more minorities in the bureaucracies. It was reasoned that this would make government bureaucracy more sympathetic to the problems facing minority group members and thus better able to administer the government programs which affect them.⁶⁴

The impact of the citizen participation movement has been especially felt at the local level where community action programs have succeeded in creating a new substructure of government at the neighborhood level. Many of these substructures are concerned with the problems of how to deliver social services to those who need them the most. The solution has been to create neighborhood in-

formation or referral centers where residents could be directed to the services they require. In some cases, there have also been attempts to create one-stop neighborhood service centers where existing social service agencies can provide their services under one roof.⁶⁵

The impact of the citizen participation movement has been less visible on the state level. Nevertheless the climate created by the movement coupled with the recent court decisions on legislative reapportionment have had an impact on state government. Recent state reorganizations have emphasized the need to make state government more visible and more accessible to the average citizen. Some of the recent state reorganizations in the areas of health and human resources have reflected this by creating regional districts for the delivery of services.⁶⁶ This accomplishes the aims of integration and it also makes state government more visible in the community. Given the traditional mistrust of state government, this high visibility cannot help but be a positive result for state government.

The fifth factor reflects what can best be described as "the bandwagon effect." Jack Walker's analysis of state innovations shows that adoption of a new program by a pioneering state, either a regional or a national leader, may trigger the adoption of the same program by other states.⁶⁷ It is not uncommon for states to copy

innovative legislation almost verbatim, grammatical and spelling errors included. Walker speculates that this copying is the result of the natural reluctance of state officials to assume the risks of deviating from old routines. On the other hand, Walker makes it clear that those risks decrease considerably once states adopt a new program. In fact, Walker notes that when a large number of states have adopted the program in question, it becomes recognized as a legitimate responsibility for all states. That provokes a rush to jump on the bandwagon before one's state gets the reputation for being backward.⁶⁸

Looking at state reorganization activity over the last sixty years, it seems apparent that the same pattern which Walker describes is also present in the reorganization field. The fact is that reorganizations by pioneering states usually spark intense reorganization activity among the remainder. Reorganization at the federal level may also be a spark for state reorganizations. The 1911 Taft Commission, the two Hoover Commissions, and the 1968 Ash Committee were also followed by state reorganization activity. Judging by the increasing number of states which have either just adopted reorganization legislation or which are in the process of considering reports of reorganization study committees, it seems safe to conclude that this bandwagon effect is once again in opera-

tion.

To summarize, there are five factors which appear to be stimulating the recent interest in state reorganization:

- (1)the desire to make state administration more efficient,
- (2)the belief that reorganization will result in financial savings that can be used to pay for additional government services,
- (3)the experience with PPB and other budgeting systems which pointed up the need to create organizational structures that corresponded to major program areas of government,
- (4)the citizen participation movement which stimulated interest in creating governmental structures which are more responsive to people's needs, and
- (5)the reorganization attempts by the federal government and several innovative states which have created a "bandwagon effect" in that other states now feel compelled to adopt reorganization plans because everyone is doing it.

Of these five factors, the most important would appear to be the desire for more efficient governmental administration, the quest for additional savings in governmental operations, and the "bandwagon effect." Interestingly, these are the same factors which stimulated most of the interest in state reorganization more than sixty years ago.

Trends in state reorganization activity. Recent activity in the reorganization field shows considerable diversity in approach. Within the last ten years, nineteen states have undergone comprehensive reorganization; however a majority seem to have adopted the more limited approach of consolidating one major functional area at a time. One of the areas receiving greatest attention is the human

resources field. A 1974 study by the Council of State Governments reports that twenty-six states have created comprehensive human resources agencies (CHRAs) which combine public assistance social-services with at least three other human resources programs: public health, mental health, mental retardation, employment services, vocational rehabilitation, youth institutions, and adult corrections.⁶⁹ Another twelve states have what the Council of State Governments describes as multi-functional human resources agencies. These are agencies which combine public assistance-social services with at least one other major human resources program.⁷⁰

Perhaps more important though, the Council of State Governments study also identifies three states (Arizona, Georgia, and Washington) which have integrated CHRAs. The primary difference between a consolidated CHRA and an integrated CHRA is that the former does not attempt to dismantle the traditional program lines (i.e., each major program area retains responsibility both for program development and program delivery) whereas the latter separates program development and program delivery into two different organizational units. The program development unit would be responsible for developing all of the human services programs within the CHRA's jurisdiction. It would also monitor operations and evaluate performance. The program delivery unit would be respon-

sible for seeing that all human services functions are delivered through an agencywide regional delivery system.⁷¹

The idea of breaking down traditional program lines grew out of the realization that the social services system was too fragmented both in its organizational structures and in its approach to the solution of the welfare problem. The feeling was that the typical family on welfare had several interrelated problems: housing, unemployment, educational, medical, etc. It was felt that these could only be solved by a "wholistic" approach. It was not just a question of the services not existing, but rather that the services were delivered by separate agencies. These agencies (both governmental and private) approached the welfare problem from the perspective of a particular professional specialty. Service providers were often not even aware of the full range of social services offered in the community. Thus they were unable to refer a family to the other services it required. When such referrals were made, there was no attempt by the referring agency to see what effect these additional services had on the family. The net effect was that the system seemed to foster dependency.⁷²

Beginning in the late 1960s, the federal government sponsored efforts to integrate the social services at the neighborhood or community level. The earliest efforts

came in the Community Action and Neighborhood Services Programs of the Office of Economic Opportunity. The Department of Health, Education and Welfare's (HEW) involvement began in 1970 when it created a task force on services integration.⁷³ One of the first things to come out of that effort was a working definition of social services integration:

The linking together by various means of the services of two or more service providers to allow treatment of an individual's or family's needs in a more coordinated and comprehensive nature.⁷⁴

The HEW task force also recommended that the department sponsor Service Integration Targets of Opportunity (abbreviated SITO). The latter are service agencies which have the capacity to deliver a large number of social services. The existence of a SITO in a local community makes it easier for the social service client since he now has to go to only one agency, rather than several, in order to receive the services he and his family require. Between 1971 and 1974, HEW spent \$15 million for forty-four SITOs located at the regional, county, local, and neighborhood levels.⁷⁵

HEW has also demonstrated its support for services integration at the state level through its sponsorship of the Allied Services Act (1972).⁷⁶ Although that legislation has not yet passed in Congress, it indicates HEW's willingness to supply grant money for state planning in the services integration area. Another provision of the

bill would have permitted states to transfer up to 30% of one program's funds to another program if that was consistent with its services integration plan.⁷⁷

As might be expected, the traditional professions have not been very receptive to the concept of services integration because it means they lose control over the programs they have developed. Program specialists argue that it is neither feasible nor conducive to political accountability to divorce program development from services delivery. They especially resent the intrusion of generalist control (under services integration, the generalists would deliver the actual services), and they claim that the generalists cannot possibly understand all of the purposes involved in the creation of a particular program. Thus, it is likely that the new CHRA head will find it difficult to maintain agency morale and to secure the cooperation of the program specialists. In the long run, the ability of the CHRA head to achieve these will probably determine the success or failure of the services integration concept at the state level.⁷⁸

A second development which has especially been welcomed by the governor is the power to reorganize by executive order.⁷⁹ Up to now, that power has been granted only to the President of the United States. If a state governor wanted to reorganize a particular agency, he had to seek the passage of a statute or the adoption of a con-

stitutional amendment. This has recently changed since at least thirteen states have passed legislation permitting the governor to issue executive orders reorganizing the state administrative structures.⁸⁰ As in the case of the federal legislation, the new state legislation gives the state legislatures the power to veto the governor's action within a prescribed period of time.

Supporters of this new state legislation believe that it will give the governor the capability of reacting much more quickly to the management needs of a large administrative system. However they should be cautioned that this new authority represents no magic panacea for a governor's problems with the state bureaucracy. Just as Presidents have found it difficult to use an executive order to carry out reorganization, it is likely that governors will encounter similar problems. For example: when President John F. Kennedy tried to create a Department of Urban Affairs by executive order, it was rejected by a congressional committee veto.⁸¹ Because of that rejection, his successor, President Lyndon Johnson, decided to submit his plans for the creation of the Department of Housing and Urban Development and the Department of Transportation as legislation for congressional consideration. Like President Johnson, most governors may find it prudent in some cases to submit their reorganization plans in the form of legislation.⁸²

The third development, sunset legislation, appeared in 1976. Technically, sunset legislation is not the same thing as reorganization. However, its supporters claim that sunset legislation may actually accomplish what past reorganizations have failed to do: elimination of the overlapping and duplication among state agencies and the termination of those agencies whose services are no longer required. What makes sunset legislation unique is that it sets an automatic termination date for every agency. If the state legislature takes no positive action to restart the agency (by passing a new enabling act), then the agency ceases to exist.⁸³

In order to restart an agency, a legislature is required to undertake what amounts to a zero-based review of the agency's programs and services. The burden of proof in this process rests on the agency and its supporters. They must demonstrate to the legislature that there is continued need for the agency. As a result of the review, the legislature may decide to reenact new enabling legislation, to terminate the agency, or to merge it with other agencies performing similar functions. In order to lessen the burden on the legislature, most states with sunset legislation provide that the zero-based review process will occur on a staggered basis. During the review phase, all agencies with similar functions are examined together.⁸⁴

Supporters of the sunset concept point out that this gives the state legislature a very important role in overseeing the bureaucracy. As already noted in this chapter, the state reorganization movement virtually ignored the legislature in the oversight process. Obviously, the sunset concept could become an important tool for the state legislature, but its success will probably depend upon the particular legislature conducting the review process as well as the staff which the legislature has at its disposal.

Colorado was the first state to enact sunset legislation (1976). Since then, ten other states have followed that course. What is disturbing is that six of those other states have adopted much more comprehensive legislation than Colorado. The latter state viewed its sunset legislation as only experimental. For that reason, the sunset concept was limited to licensing and regulatory agencies. The sunset legislation enacted in Arkansas, Alabama, Indiana, Louisiana, Oklahoma, and South Dakota extends to every administrative agency in state government.⁸⁵ Since the legislatures of these six states do not have the reputation for being very strong, it should be interesting to see whether the sunset concept fares well in these states.

It may be that the sunset concept is just what state government has long needed. On the other hand, it

may also be that the sunset concept is just another lofty proposal of the government reform movement. The key seems to be the willingness and the ability of the legislature to take advantage of the new tool. Based on the experience of the states already possessing sunset legislation, there is little evidence to suggest that this is happening.

Conclusions

This chapter has shown that the state reorganization movement had its beginnings in the efforts of the nineteenth century reformers to make government more responsible to the people. Those early efforts concentrated on electing "good men" to governmental offices. The reformers also introduced measures which were designed to assure that the average citizen could control his government. As the record shows, the reformers managed to elect some of their candidates, but their reform measures were largely ineffective.

With the creation of the municipal research bureaus in the early 1900s, the concern of the movement shifted toward making government more efficient and more economical. Unfortunately the state reorganizers never succeeded in making state government either more responsible or more efficient. They had not counted on the politics that is involved in reorganizing governmental

structures. They assumed that once a reorganization plan was adopted by a state it would be fully implemented. In retrospect, it also appears that the early state reorganizers over sold the savings claim of reorganization. The only way those kinds of savings could have been realized was through wholesale cuts in government services, but the state reorganizers never fully explained that to the public. Finally, the power of the governor never seemed to keep pace with the rapidly expanding state bureaucracy. It will take more than a reorganization plan to give the governor complete control over the state bureaucracy.

Over the last ten years, there has been renewed interest in reorganization. As this chapter has indicated, the motivations for this renewed interest are very similar to those for past reorganizations. States still want more efficient and more responsible governments. Many states seem to be grasping at reorganization in the hope that it will result in huge savings which can then be used to finance necessary services. Based on past record, the reader should be extremely skeptical of these savings claims.

While it is still too soon to know whether the latest round of reorganizations will be any more successful than the past ones, it does appear that recent developments hold some promise. The sunset concept is especially

significant because it brings the state legislature into the oversight process. Previous reorganization efforts all but ignored the role of the state legislature. The sunset concept gives a central role to the legislature as it evaluates whether agencies should be terminated or "re-started." Another development that rates some interest is the extension of reorganization authority to the governor. Several states now permit the governor to issue executive orders (subject to legislative veto) reorganizing state agencies.

The fact that states are now actively involving both the legislature and the governor in the reorganization process seems to reflect the growing realization that reorganization is a political decision and not just a technical matter. Moreover, the sunset concept emphasizes the continuing need for periodic review of organizational structures and purposes. Early state reorganizers looked on reorganization as basically a "one shot affair." The sunset concept suggests that organization needs a periodic and regular review so that duplication can be eliminated and archaic agencies can be terminated.

Based on this reexamination of the state reorganization movement, one must conclude that state reorganization efforts have for the most part been very unsuccessful. Even though there appears to be enthusiasm for the latest round of reorganization, one suspects that the results

will also be disappointing. In spite of the past failures of the reorganization movement, Louisiana has joined the reorganization bandwagon. Chapter II will discuss the reasons for this action and will look at some of the results.

Notes for Chapter I

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2. Leslie Lipson, The American Governor: From Figurehead to Leader (Chicago: The University of Chicago Press, 1939), pp. 11ff.
3. Richards, pp. 66-67.
4. Ibid., pp. 46-49.
5. Ibid., pp. 66-70.
6. Allan R. Richards, "Half of Our Century," in The Fifty States and Their Local Governments, ed. James W. Fesler (New York: Alfred A. Knopf, Inc., 1967), pp. 71-72.
7. Richard Hofstadter, The Age of Reform: From Bryan to F.D.R. (New York: Vintage Books, 1955), pp. 186-214. Professor Hofstadter gives the reader a very good analysis of muckraking journalism. He notes that the muckrakers had an important impact on the reform movement in that they publicized the extent of the corruption in American life.
8. Avery Leiserson and Fritz Morstein Marx, "The Study of Public Administration," in Elements of Public Administration, 2nd ed., ed. Fritz Morstein Marx (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965), pp. 24-25.
9. Hofstadter, pp. 5-6. Hofstadter also suggests that there was some anti-immigrant bias among certain supporters of the early reform movement. He traces this bias to the status upheaval which occurred in the United States in the late nineteenth and early twentieth centuries. The primary victims of this upheaval were the native Americans, members of the middle class. While they did not suffer from economic deprivation, they did suffer from a loss of political power and deference in their communities. As the middle class lost power, the political bosses and their supporters (the immigrants from eastern and southern Europe) gained power. Hofstadter suggests that the struggle of the middle class to

regain power often degenerated into virulent attacks against the immigrants. In fact, it might even be suggested that some of the early progressive reforms (such as the initiative, referendum, and recall) were structured so that only the well-educated middle class could take advantage of them.

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16. Dwight Waldo, The Administrative State: A Study of the Political Theory of Public Administration (New York: The Ronald Press Company, 1948), pp. 48ff.
17. Dahlberg, pp. 42-43.
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19. Waldo, pp. 133ff.
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27. Ibid.
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29. Willbern, p. 345.
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34. James W. Davis, The National Executive Branch (New York: The Free Press, 1970), pp. 195ff. Also see Seidman, pp. 13ff.
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36. Rourke.
37. Ibid.
38. Ibid.
39. Francis W. Coker, "Dogmas of Administrative Reform," American Political Science Review 16 (August, 1922), p. 408.
40. Buck, pp. 33ff.
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C H A P T E R I I

BACKGROUND TO THE 1973 LOUISIANA REORGANIZATION

Introduction

The purpose of this chapter is to examine the background to the 1973 Louisiana reorganization. A survey of recent Louisiana history reveals that the state reorganization movement has not had much success in getting reorganization plans adopted by Louisiana. Except for an abortive attempt in 1940, Louisiana has remained largely outside the general state reorganization movement. Why has Louisiana been the exception? One reason for this may lie in the fact that Louisiana governors have not supported reorganization efforts to the same extent as have governors in other states. As Chapter I demonstrates, the support of the governor is often the key factor in getting a reorganization plan adopted. Governors have seen reorganization as a way of increasing their control over the state bureaucracy and thereby gaining more influence over the policy-making process. However, the Louisiana governor was already a powerful figure in state politics. Therefore, he had less to gain, and perhaps even more to lose, from a reorganization.

It is interesting to note that the 1973 reorgan-

ization was not only supported by the governor, but it was also initiated by him. Why the change? Perhaps one reason is that Louisiana politics itself (especially the character of the bifactional system) has changed greatly since 1940. It is now much more likely that the governor will see reorganization as being advantageous to his interests.

Chapter II also examines the debate over Governor Edwards' reorganization plan, and it suggests how and why the governor managed to get his plan approved by the state legislature. The chapter concludes with a look at the agencies included in the consolidation and a brief examination of the powers and functions of the new health-welfare department.

Failure of Earlier Reorganization Efforts

For the first twenty years after the historic 1917 Illinois reorganization, Louisiana all but ignored the movement. In 1921, the state convened a constitutional convention, thus presenting an opportunity for reorganization proponents to initiate administrative reorganization. The constitution which came out of that convention violated most of the tenets of the administrative reorganization movement. For example, the 1921 constitution continued the practice of electing the important administrative officers and also continued the use of boards and

commissions for administrative work.¹

It was not until 1940 that the first comprehensive reorganization was attempted. This reorganization came as a direct result of the "Louisiana hayride scandals" of 1939. Those scandals forced Governor Richard Leche, the political heir of Huey Long, to resign from office. Eventually, Governor Leche and several of his supporters were convicted of federal income tax evasion and of using the United States mail to defraud.²

Those scandals set the stage for a reform campaign during the 1940 gubernatorial election. The Long machine candidate was Earl K. Long, the brother of the late Governor Huey Long. The reform candidate was Sam H. Jones. The latter's previous political experience was as a delegate to the 1921 constitutional convention and as an assistant district attorney. As part of his campaign, Jones promised fiscal and administrative reform, a reduction in the immense powers accumulated by the governor's office during the Long era, and reform of the state's election laws. It is interesting to note that while Jones spoke out against the excesses of the Long machine, he was careful to affirm his support for the liberal social-welfare policies of the Longs. Jones even promised to increase educational and welfare expenditures (including a \$30 monthly pension for the state's aged) and to abolish the state sales tax.³

Jones won the runoff primary over Earl Long, but his margin of victory was a narrow one: 51.8% to 48.2%.⁴ With this limited reform mandate, Governor Jones set about the task of fulfilling his campaign promises. First on the agenda was his reorganization pledge. To accomplish this, Governor Jones hired the Chicago research firm, Griffenhagen and Associates, to prepare a list of the state agencies which could be abolished. The firm was also charged with the responsibility of making specific recommendations for achieving greater economies in government operations.

The plan which resulted closely followed the orthodox reorganization standards. It proposed consolidating the state's 122 administrative agencies under twenty departments, and it provided that department heads would be subject to gubernatorial appointment and removal. The Griffenhagen plan also proposed that the governor be given authority to prepare the state budget. Finally, it laid out a plan for bringing state employees under a civil service system.⁵

Governor Jones submitted his reorganization plan to the legislature in the form of three legislative bills (a fiscal code, an administrative code, and a civil service code) and two proposed constitutional amendments (one giving constitutional force to the fiscal and administrative codes and the second embedding the civil serv-

ice in the constitution). The Longites in the legislature opposed the plan. They argued that the Griffenhagen proposals would expand the governor's powers beyond anything Huey Long had proposed while he was in office. They also opposed the civil service plan because they recognized that its passage would eliminate most of the patronage jobs upon which the political machine depended.⁶

Facing so much legislative opposition, Governor Jones was forced to accept major modifications in his plan. He agreed that thirteen of the proposed new departments should be given appointed boards and that all of the departments with popularly elected heads should be allowed to retain this method of selection. Governor Jones also agreed to drop the idea of imbedding the civil service system in the constitution. He opted instead for a constitutional amendment which specified that any change in city or state civil service laws would have to be approved by two-thirds of both legislative houses.⁷

The legislature eventually approved the watered down version of the reorganization plan. From there, Governor Jones turned to the voters for their approval of the two constitutional amendments. These were narrowly approved in November, 1940; however Governor Jones' reform victory was shortlived. Within six months, the Louisiana Supreme Court (still a stronghold of the Long machine) held that the constitutional amendment giving force to

the fiscal and administrative codes was invalid. The legislature had failed to specify the exact date on which the amendment was to be submitted to the voters for their approval. In 1942, the Court invalidated the fiscal and administrative codes on the grounds that these legislative acts could not be separated from the already invalidated amendment. All that remained of the Jones reforms was the civil service law. This last vestige of reform fell in 1948 when the state legislature, once again dominated by the Long faction, repealed the law.⁸

After the failure of the 1940 reorganization, it was impossible to get any other comprehensive reorganization legislation passed by the legislature. The legislature did however continue to undertake sporadic reorganizations of individual departments. Certainly one of the reasons for this poor record must be traced to the aftermath of the 1940 reorganization struggle.⁹ To the Longs, reorganization became a code word for the efforts of the anti-Longs to destroy the machine and its liberal social-welfare policies. To the anti-Longs, reorganization became a symbol for the turning away from political favoritism and patronage, abuse of the governor's powers, and a politicized bureaucracy that does the bidding of the faction in power. It appeared that comprehensive reorganization would continue to be blocked as long as reorganization remained a focal issue between the

two factions.

Throughout the 1940s and 1950s, the bifactional system remained a factor in Louisiana politics, and no comprehensive reorganization was passed. With the decline of the bifactional system in the 1960s, one might have thought that the chances of passing comprehensive reorganization would improve, but this did not happen.¹⁰ This is even more surprising in view of the fact that Louisiana had a two term governor from 1964-1972.¹¹

The experience from other states suggests that the governor's role is pivotal in a reorganization struggle.¹² The reason for this lies in the fact that it is the governor who stands to gain the most if a reorganization is adopted. Therefore, it is he who initiates the discussion about reorganization, often making it a campaign issue. After the election, the governor uses the successful adoption of a comprehensive reorganization plan as the major accomplishment of his administration. Surely then, it would seem that if reorganization were to be successful in Louisiana it would have come during the period from 1964-1972. Afterall, a governor who was persuasive enough to get the state's voters to change the constitutional limit of one term for a governor should also be able to secure the passage of a reorganization plan.

But the fact is that in Louisiana the governor does not have that much to gain through the adoption of

a reorganization plan. Historically the Louisiana governor has always been the dominant actor in the state's policy-making process.¹³ His legislative powers are immense. He appoints committee chairman as well as the entire membership of the Legislative Budget Committee. The latter is an anomalous legislative committee which works with the governor's budget director in the preparation of the state's budget.¹⁴

The governor can even influence a legislator's salary through his power to appoint the members of the interim committees that conduct legislative business between annual sessions. Since these committees pay their members on a per diem basis, the legislator who serves on several of these committees can increase his salary substantially. The most significant statistic, however, which illustrates the governor's dominance over the legislature is that not a single gubernatorial veto was overridden under the 1921 constitution.¹⁵

The governor's position vis-a-vis the administrative system has also been strong. For instance, although over 80% of the state budget is derived from dedicated revenues,¹⁶ this has not diminished the governor's budget authority since he appoints many of the executives in the departments utilizing dedicated funds.¹⁷ In 1964, the governor appointed approximately 1,100 top-level executives and influenced the selection of many lower-level state

executives.¹⁸

To summarize, the Louisiana governor is a powerful figure in state politics. Even without the benefit of reorganization, he appoints many of the top level executives in state government. He also has considerable influence over the state legislature. He appoints committee chairman and the entire membership of the interim legislative committees. No gubernatorial veto has been overridden since the 1921 constitution went into effect. Based on these observations, it must be concluded that the Louisiana governor really does not have that much to gain by supporting reorganization. He would acquire the power to appoint many of the positions which are presently elective, but he would also lose many of his executive appointments to civil service. Moreover since administrative reform is frequently accompanied by efforts to institute legislative reform, the net effect might be to increase the role of the legislative body at the expense of the governor. Given these possibilities, it is suggested here that the Louisiana governor might decide he is better off with an unreformed administrative system. No matter how chaotic this system appears to outside observers, it is a system which the governor can control.

If these observations are correct, the next question should be: what made Edwin Edwards decide to conduct

a reform campaign for governor in 1971-72? The answer seems to be that revelations of corruption during the McKeithen administration made conditions ripe for such a campaign. Also, Edwards needed an issue which would make him stand out in a crowded field of seventeen candidates running in the first Democratic primary.

The Emergence of Reorganization as a
Campaign Issue in 1972

The McKeithen administration. It was ironic that Governor John McKeithen's administration was ending amid scandal because he had been a popular governor, the first in modern state history to serve two consecutive terms in office. The record of McKeithen's first term (1964-68) was generally considered to have been very good. He had begun a successful campaign to induce northern industries to relocate in Louisiana, and for this achievement, he had earned considerable media and business community support. McKeithen's greatest triumph, however, came unexpectedly in the area of race relations.¹⁹

In the summer of 1965, a group of racial moderates in Bogalusa, Louisiana invited former Congressman Brooks Hays to speak on the 1964 civil rights act. Bogalusa is a small papermill town located north of New Orleans in a region that has long been a stronghold of the Ku Klux Klan. The Klan was unhappy that this

"southern integrationist" had been invited to speak in its midst, and it promised to picket the Hays speech. In order to avoid a confrontation, the mayor of Bogalusa urged the sponsors of the Hays speech to withdraw their invitation. This created more trouble since black groups felt that the community should not accede to the Klan's demands. They announced their own demonstrations to protest the mayor's actions, and simultaneously, state black leaders announced that concentrated desegregation efforts would begin in Bogalusa.²⁰

Governor McKeithen realized that black protests in Bogalusa might erupt in violence between blacks and whites. He feared that this violence could then spread to other sections of the state. In a surprise move, the governor went on statewide television to denounce violence and also to announce that he was appointing a biracial committee to mediate the Bogalusa dispute. In return, the blacks agreed to a thirty day cooling-off period. Because of his success with the biracial committee, the governor decided to appoint a permanent statewide committee to handle any future racial disputes. For a southern governor in 1965, and especially one who had used the race issue to get elected, McKeithen's actions were impressive and marked him as one of the racial moderates of the south.²¹

By 1966, Governor McKeithen found himself in a

unique position for any politician. His principal opponents from the 1964 election were no longer factors to be considered in gubernatorial politics. Moreover, public opinion polls indicated that a large majority of the state's voters felt that McKeithen was doing a good job in office.²²

McKeithen realized that he had an excellent chance to be reelected in 1968. The only barrier to this was the 1921 constitution which prohibited the governor from serving two consecutive terms in office. Several past Louisiana governors had skirted this issue by sitting out four years and then running again when they were eligible. For example, Earl Long served his first term as governor from 1948 to 1952. Since he was not eligible for reelection, Long sat out the next four years. He then ran again in 1956 and was elected to another four year term.²³

McKeithen decided that he did not want to sit out four years. Therefore, he proposed an amendment to remove the two term restriction on the governor. While there was opposition to the amendment, McKeithen's arguments were persuasive. He argued that the restriction against two consecutive terms unfairly penalized the governor who had done a good job in office. McKeithen reasoned that it was only fair in a democracy to let the voters decide whether a governor deserved a second term. He also claimed

that a governor was more likely to do a good job if he knew he faced an election in four years.

McKeithen readily acknowledged that the Louisiana governor was already a powerful figure in state politics, and he agreed to support an effort to trim some of the appointive powers of the governor. Toward that goal, McKeithen appointed a blue-ribbon committee headed by ex-governor Sam Jones. The committee was charged with making specific recommendations on ways to cut the governor's powers.²⁴ Those recommendations (nine amendments to the constitution) along with the two term amendment appeared on the ballot in November, 1966, and they received almost 70% of the vote of those who actually participated in the amendment election.²⁵ That outcome also assured that Governor McKeithen would have little opposition in the 1967 Democratic primaries. He easily defeated Congressman John Rarick (winning with 80.6% of the vote), and the Republican Party did not even bother to nominate a challenger for the general election.²⁶

The 1967 primary was the high point of McKeithen's popularity. For the next four years, there was one revelation after another concerning corruption in state government. Much of the governor's troubles stemmed from a series of articles which Life magazine ran in 1967 and 1970.²⁷ Those articles alleged that organized crime figures had received special treatment from state

officials. One charge related to the special handling which the Department of Revenue and Taxation had given to the affairs of reputed crime boss Carlos Marcello. Another Life article charged that Marcello even had a private telephone line to the governor's office.²⁸ It was later shown that only one McKeithen aide had ever had access to that phone. That aide resigned; however McKeithen subsequently appointed him to head the Department of Public Works. The governor's administrative judgment was shown to be faulty when that same aide was indicted on public bribery charges and forced to resign from the department. By that time, McKeithen's reputation was irreparably damaged. Even the once bright industrial picture turned sour when labor disputes broke out in Baton Rouge, the state's capitol. There was evidence of labor racketeering, and violence on the work-site was commonplace. McKeithen appointed another blue-ribbon committee to mediate the dispute, but this time he lacked the political resources to force a compromise solution.²⁹ By the close of McKeithen's second term, it was obvious to most veteran political observers that reform was going to be the major issue in the 1971-72 gubernatorial election.

Factional instability, the black vote, and voter unrest.

When the 1940 reorganization was attempted, there was a strong bifactional system composed of the Long and anti-

Long forces. By 1972, that system had been replaced by a multifactional system similar to that found in other one-party states. In such a system, there are transient political alliances which change from one election to another depending upon the issues and the candidates. Usually a large number of candidates run in the first primary. For example, there were seventeen candidates entered in the state's first Democratic primary in 1971. Each candidate in a multifactional system tries to capitalize on what V.O. Key called "localism." This is a strategy in which a candidate tries to pile up as many votes as possible in his home area in the hope that this will be sufficient to put him in the runoff primary.³⁰ During the runoff, there is a great deal of trading off as the first primary victors deal for the votes of the defeated candidates.

Another new factor in the 1971-72 campaign was the presence of black political organizations which might be instrumental in swinging the election to one candidate. With the passage of the 1965 Voting Rights Act, the black vote in Louisiana was becoming an important factor in state elections. Its importance had been clearly demonstrated in the 1970 mayoral election in New Orleans when Moon Landrieu captured the majority of the organized black support in the city.³¹ Most political observers felt that it was this support which had enabled Landrieu to win.

Going into the 1971 gubernatorial primaries, the support of the black political organizations, particularly those in the New Orleans area, was seen by potential candidates as the factor which might determine the outcome of the governor's race.

However the most important factor in the 1971-72 gubernatorial campaign probably was the degree of public interest in reform. It has often been said that Louisiana voters have a high tolerance for political corruption. As one observer suggested: "Where Louisiana has few peers and no superiors is in the cavalier spirit with which it meets political corruption face to face, and passes by with an amiable, almost sympathetic nod."³² The 1940 reorganization struggle shows that it takes a political scandal of immense proportions to arouse the Louisiana voters to support reform candidates. It was evident by 1971 that Louisiana's voters were once again in one of those rare reform moods. Interest had been building since the embarrassing revelations about organized crime were published in Life magazine. That interest reached a climax when voters rejected the fifty-three amendments on the ballot in the November, 1970 general election.

Ever since the adoption of the 1921 constitution, the Louisiana voters had been besieged by an increasing number of amendment proposals on the ballot. The 1921 constitution had made it relatively easy for the legisla-

ture to propose amendments, and apparently the legislature felt no constraint to use the amendment process judiciously.³³ As a result, the number of proposed amendments submitted to the voters during a legislative year increased dramatically. In the 1920s, the number of proposed amendments averaged thirteen; in the 1930s, it was up to twenty; and in the 1940s, the average was twenty-seven. By the 1950s, the voters were deciding on the merits of an average of thirty-five amendments at every election. During the 1960s, the voters were being overwhelmed by an average of forty-nine amendment proposals.³⁴

The sheer volume was not the only burden on the voters. The amendments were framed in technical language and often referred to previous constitutions or to some obscure statute. In addition, many amendments dealt with local issues that were of concern only to the parish or municipality affected by the proposal. For instance, in the November, 1966 election forty-five amendments were on the ballot. Twenty-one of these were declared by the secretary-of-state to be local in nature. This meant that all of the voters would be deciding such issues as: whether the registrar of voters in Orleans Parish should be chosen by the city council and whether the sewerage and water rates in New Orleans should be increased.³⁵ Obviously few voters statewide had enough information to make an intelligent decision on these questions. Yet,

year after year, the legislature asked the voters to try. The voters eventually developed their own method of dealing with the problem: some indiscriminately approved all of the amendments while others indiscriminately voted against all of the amendments. The majority of the voters, however, simply refused to participate in the amendment process.³⁶

In the November, 1970 election, there were fifty-three amendment proposals, of which thirty pertained to localities. The Public Affairs Research Council of Louisiana (abbreviated PAR) pointed out that several of the proposals contained drafting errors and that others had the same objective but conflicted. Apparently the voters had finally had enough. A statewide media campaign was begun to get the voters to reject all of the amendments. The outcome of the election showed that only 24% of the state's registered voters had even bothered to cast their ballots on election day. Of those who did vote however, they overwhelmingly rejected every amendment on the ballot. As PAR concluded in its post election analysis: "The skies were sunny over Louisiana on November 3rd, but on November 4th, quite a few public officials seemed to have the distinct impression that a storm had hit."³⁷

In the final analysis, it must be concluded that it was a combination of the political instability, the black vote, and the voter unrest which made the 1971-72

gubernatorial campaign unique in Louisiana political history. The growth of multifactionalism left the political situation more unstable than usual. This forced the voters to contend with a large number of gubernatorial candidates, most of whom were reciting the litany of reform. The increasing importance of the black vote after 1965 was felt in the sense that politicians now began to direct their campaigns to black voters. Finally, the misuse of the amendment process by the state legislature produced a voter backlash against all amendment proposals. Some worthwhile amendments were rejected in the 1970 voter rebellion, but the voters did not seem to mind. They were weary of trying to make decisions which they believed should have been made by the state legislature. By 1971, many Louisiana voters were coming to believe that not every politician was "a good 'ole boy!"

The primary campaign. Seventeen candidates filed for the first Democratic primary in 1971. However not all of them could be described as "serious" contenders. Many obviously qualified in the hope that some miracle would put them in the runoff. The list of serious candidates included: Congressman Edwin Edwards, state senator J. Bennett Johnston (now a United States Senator), former Congressman Gillis Long (since then, he has been reelected to the House of Representatives), state senator John Schwegmann (he had led the media campaign against the amendments on

the 1970 ballot), and Samuel Bell (he was an official with the black political organization SOUL, the Southern Organization for Unified Leadership).³⁸

The first primary provided the kind of jockeying for support that one would have expected in a one-party multifactional system. Several of the candidates tried to wrap themselves in the reform mantle by calling for constitutional revision, administration reorganization, a code of ethics for public officials, and financial reform (including the abolition of the practice of permitting state agencies to maintain separate bank accounts).³⁹

Long, Edwards and Johnston competed fiercely for the endorsements of the black political organizations. The New Orleans States-Item later reported that these three candidates each spent between \$50,000 and \$100,000 for the endorsements of the major black political organizations in the New Orleans area.⁴⁰ Most of that support went to Gillis Long in the first primary. He was generally conceded to be the most liberal candidate in the race. However, Long's overall support was not broad enough among other segments of the state's population to put him into the runoff primary. He finished a strong third to Johnston and Edwards.⁴¹

Both Congressman Edwards and Bennett Johnston could be classified as political moderates. Edwards had a solid base of support among the French-Catholic parishes

in south Louisiana (his home area), but Johnston's support was more varied. The latter's support ran from his home area in north Louisiana (primarily the urban area around Shreveport) to the suburban areas across the state. Although Johnston campaigned vigorously for black political endorsements, Edwards managed to get the majority of them in the second primary. Coupled with his solid base of support in south Louisiana and his strong labor support, this was enough to give Edwards the margin of victory.⁴²

The Edwards Reorganization Plan

Initiation of the plan. Despite Governor Edward's campaign pledge to institute reform, there remained considerable doubt whether he would push very hard to carry out those promises. The revelations about corruption had left many voters cynical about the promises of politicians. As one Baton Rouge attorney noted, many voters in the state believed that reform in Louisiana consisted of "turning out the fat hogs and letting the lean hogs in."⁴³ Those doubts were largely dispelled after the governor's first address to the legislature.

In that speech, Governor Edwards stressed the need to make Louisiana government "more visible, more reflective of a society coming to grips with the latter part of the twentieth century."⁴⁴ To accomplish this, the gover-

nor announced that he was recommending comprehensive reorganization legislation, reform of the state's election laws, constitutional revision, creation of a consumer protection agency, abolition of the practice of maintaining separate agency bank accounts, and the institution of new procedures for the collection of state revenues.⁴⁵

The governor readily conceded in his speech that his legislative package would be a very ambitious one. However he put the legislature on notice that he expected positive results from his proposals. He also warned the legislature that the voters were no longer in the mood to tolerate "politics as usual." Recent events, said Edwards, confirmed that the voters were in the mood for serious political and administrative reform. Edwards made it clear to the legislature that he intended to fight for a record on which he could successfully run for reelection in four years.

The first item on the agenda was the reorganization of the administrative structure of state government. The governor had begun to tackle this problem even before he took office. He had requested the "Flying Feds" of the Federal Technical Assistance Program to make a study of Louisiana's government. What they came up with was a plan to consolidate the state's 267 agencies under 15-25 cabinet departments.⁴⁶ By the time Edwards took office, he had

decided, however, on a more conservative approach, covering only those agencies which could be readily reorganized by legislative enactment. The reorganization of the constitutional agencies and boards was a chore that Edwards wanted to leave for the constitutional convention which he was hoping to convene sometime in 1973.

The Edwards reorganization plan called for the consolidation of 132 state agencies under seven new cabinet departments:

1. Professional and Occupational Affairs
2. Art, Culture, and Historical Preservation
3. Human Services
4. Health, Social, and Rehabilitation Services
5. Environmental Protection
6. Consumer Protection
7. Local Affairs, Planning, and Development

In addition, the plan called for the abolition of thirty-one dormant agencies, including the Louisiana Sovereignty Commission and the Louisiana Council on Governmental Reorganization. Rather than submit the plan as one omnibus reorganization bill (as suggested by the federal study), Governor Edwards chose the strategy of submitting the plan as separate legislative bills. That way should one or more of the bills be defeated (and Governor Edwards apparently felt that this was a good possibility), the entire reorganization plan would not go down in defeat.⁴⁷

General reaction to the plan. There were three controversial sections of the reorganization plan. The first

called for the transfer of the powers of the state comptroller to the office of the state treasurer. This probably would not have aroused much opposition were it not for the fact that both offices were elective. By proposing a change in their powers, Edwards was violating the unwritten law that elected administrative officials should be free to run their departments without interference from the governor. Edwards promised to continue the salary of the incumbent comptroller for his full four year term. He also promised to find some new functions for the comptroller to perform. But this was little consolation for that official. He charged that the governor had no authority to change the duties of the office. That, argued the incumbent comptroller, could only be accomplished through a constitutional amendment.⁴⁸

A second part of the governor's plan called for the transfer of twenty-six parish levee boards to the Department of Public Works. From the outset, this promised to evoke considerable opposition because of the political nature of the parish levee boards. The latter are independent from both local and parish governments. They are governed by multi-member boards that are appointed by the governor.⁴⁹ For the most part, Louisiana governors have used their levee board appointments to supplement their regular state patronage.

Membership on levee boards is highly valued because the boards are involved in the acquisition of land for levees as well as their actual construction and maintenance. Since about one-third of the state must be protected by levees, levee boards are involved in awarding contracts and purchasing land valued at several million dollars.⁵⁰ Opposition to the governor's reorganization proposal came from the levee boards and the contractors who do business with the levee boards. They believed that the transfer of the levee boards to the Department of Public Works would upset the traditional means by which levee boards conducted their business.

Reaction to the health-welfare proposal. The third area of controversy centered on the consolidation of fifty-nine agencies under the Department of Health, Social, and Rehabilitation Services (abbreviated DHSRS). This department would be headed by a commissioner who would serve as the chief executive authority of the department. The agencies affected by the consolidation included all of the state's general care public hospitals, all state mental institutions and clinics, all state schools and facilities for the mentally retarded, and the departments of health, hospitals, and public welfare.⁵¹

Given the longstanding fragmentation of the state's health-welfare system, it is not surprising that some of the agencies and their supporters opposed the governor's

reorganization proposal. Many felt that the consolidation would create a department which was too large to respond to the needs of individual citizens. They did not believe that the commissioner of this new department would be able to control all of the agencies supposedly under his jurisdiction. These people recommended that the department be given a board with considerable decision-making authority. The Louisiana State Medical Society recommended that the board should be given complete authority over the consolidated department, including the power to appoint the commissioner. Such a board would be chosen from a slate of candidates submitted by the Louisiana State Medical Society, the Louisiana Hospital Association, and the State Health Planning Advisory Committee. The supporters of the governor's proposal countered with the argument that the board arrangement would hinder the governor and would in the long run give too much influence to special interest groups.⁵²

Other opponents of the health-welfare reorganization included Tulane and Louisiana State University (LSU) medical schools. These two schools provided most of the medical staff for Charity Hospital in New Orleans, the nation's second largest public hospital. Although Tulane and LSU did not oppose the consolidation of Charity Hospital under the umbrella agency, they did

oppose the inclusion of the Health Education Authority of Louisiana (HEAL).

The latter agency had been created in 1968 to develop a program to increase the number of trained medical personnel in the state. Part of HEAL's program involved the construction of a new medical complex to be located next to Charity Hospital and the two medical schools in downtown New Orleans. As an independent authority, HEAL could acquire land for the medical project and also issue revenue bonds to pay for its construction.⁵³

Under the original arrangement, Tulane, LSU, and Charity Hospital were given equal voice in the affairs of HEAL. The two medical schools believed that once HEAL was brought under the umbrella department, the health-welfare commissioner would become the dominant decision-making authority. The schools warned that they were prepared to leave the HEAL project if the agency were consolidated under DHSRS. Tulane went so far as to publicize plans for the construction of a separate teaching hospital run by the university. Although Tulane did not actually threaten to withdraw its medical personnel from Charity Hospital, the clear implication was that this might happen if HEAL were included in the consolidation.⁵⁴

Others argued that HEAL was primarily an education agency and did not belong in a department that was

service oriented. The chairman of HEAL contended that as a state agency, HEAL would no longer be able to acquire land or sell revenue bonds. He claimed that if this happened, it would doom the planned medical complex. It was also claimed by HEAL's supporters that money from both the federal government and private foundations would be jeopardized by the consolidation.⁵⁵

Supporters of the reorganization argued that the exclusion of HEAL from the consolidated department would defeat the purpose of the consolidation, i.e., to end the fragmentation in the state's health and welfare system. Dr. Charles Mary, the director of Charity Hospital in New Orleans and one of the key supporters of the reorganization, argued that HEAL could ultimately become the chief planning agency for the entire state if it were included under the umbrella department. Dr. Mary also suggested that if an exception were made for one agency and one set of interests, then other agencies and other interests would push for similar exclusions. If that happened, there would be little left to consolidate.⁵⁶

Given the opposition to portions of his plan, Governor Edwards had little to gain and much to lose by fighting to the bitter end. Since this was only his first legislative session, it would make no sense to alienate key members of the legislature. These legisla-

tors would be needed to support other legislation Edwards wanted passed. HEAL was a good example of an area where the governor could afford to compromise. HEAL was important to the New Orleans area. Tulane and LSU had already announced their opposition to the inclusion of HEAL in the umbrella department. The two daily newspapers in New Orleans had editorially opposed the inclusion of HEAL, and most of the Orleans parish delegation to the legislature was committed to fight for HEAL's exclusion from the reorganization. Because the governor needed the votes of the Orleans delegation on other matters he considered important, it was prudent for Governor Edwards to compromise on the HEAL matter.

Another factor in the governor's reluctance to pursue the reorganization struggle was his growing commitment to the adoption of a new state constitution. Midway through the legislative session, it was apparent that the most important legislative act in the governor's mind was the call for a constitutional convention in 1973. Governor Edwards was particularly concerned about the content of that call (i.e., procedures for delegate selection, the agenda of the convention, etc), and he was unwilling to jeopardize what he obviously thought would be the most important achievement of his first term. In the end, the governor decided not to fight for a reorganization plan which he himself admitted was limited.

Since the constitutional agencies would have to be dealt with at the convention, it made sense to put off a reorganization struggle until that time. Therefore, Governor Edwards backed away from the controversial aspects of his reorganization plan. The result was that the only significant reorganization passed during the 1972 legislative session was the health-welfare consolidation minus the HEAL agency.

The Department of Health, Social
and Rehabilitation Services

Agencies included in the consolidation. With the exception of HEAL which was finally removed from the consolidation bill, the health-welfare reorganization passed as Governor Edwards wanted.⁵⁷ The major departments included in the new umbrella department were:

- 1-The State Department of Hospitals and the State Hospital Board
- 2-The Board of Administrators of Charity Hospital of Louisiana at New Orleans
- 3-The Board of Directors of Confederate Memorial Medical Center
- 4-The Department of Health and the State Board of Health
- 5-The State Department of Public Welfare and the State Board of Public Welfare

The largest of the organizational units included in the consolidation was the State Department of Hospitals. It was headed by a director who was appointed by the governor. The director managed the administrative affairs of the department and also appointed the heads of

the departmental institutions. The Hospital Department had a fifteen member board which was also appointed by the governor. That board was supposed to be responsible for formulating the policies and regulations governing the institutions and programs operated by the department. In practice though, the board had very little authority.⁵⁸

The State Department of Hospitals operated eight general care hospitals, one tuberculosis hospital and one tuberculosis clinic, three mental hospitals, five mental health community centers, fourteen guidance centers, one geriatric hospital, and eight schools for the mentally retarded. The range of the department's programs covered the entire state. In those rural parishes where there was no state hospital, the department provided free ambulance service so that patients could be brought to one of the other state hospitals where the proper care could be obtained.⁵⁹ With the increased participation of the federal government in the purchase of medical care, the department had also begun a program to purchase medical care for the indigent from private medical care facilities.⁶⁰

Included under the new umbrella department were the state's largest public hospitals: Charity Hospital at New Orleans and Confederate Memorial Medical Center in Shreveport. These two hospitals were operated by their

own independent boards and were not subject to the State Department of Hospitals. Charity Hospital was governed by a Board of Administrators composed of seventeen members, and Confederate Memorial was governed by a thirteen member Board of Directors. The Confederate Memorial Board chose its own hospital director; while the governor chose the director of Charity Hospital. The governor also chose the members of both of the hospital boards. Under the terms of the consolidation, both of these hospitals and their boards would be brought under the control of the new health-welfare umbrella department.⁶¹

The fourth major department included in the consolidation was the Department of Health. This department was responsible for controlling the spread of contagious diseases, enforcing the state's sanitary codes, providing preventive care for expectant mothers and children, and collecting the state's vital statistics. In addition, the department operated health units in sixty parishes, public health laboratories, and clinics for crippled children.⁶²

The department was run by the State Board of Health. This board consisted of a president and eight other members who were all appointed by the governor for eight year staggered terms. The board was formally responsible for making regulations and policy for the department. The president of the board also served as

the director of the department.⁶³

The fifth major department included in the consolidation was the State Department of Public Welfare. Like the other major departments included in this consolidation, it too possessed a board, the State Board of Public Welfare. The board was formally responsible for setting overall policies governing the department and for appointing the commissioner of public welfare. The latter functioned as the chief executive officer of the department. The responsibilities of the department included the administration of the state's public assistance programs.⁶⁴

Powers and functions of the new department. During the reorganization debate, there was considerable discussion about the mission of the new department. This was an important question in light of recent developments toward the integration of the human services both at the state and local levels. Proponents of the Louisiana reorganization had argued that the consolidation would result in: the creation of a new health-welfare agency which would be capable of identifying those citizens in need of social services, establishing a list of priority services, and efficiently delivering those services to the needy.⁶⁵ This description sounds very similar to HEW's definition of services integration.⁶⁶ Based on this, one might be led to conclude that services inte-

gration, and not consolidation, is the mission of the new umbrella department. This is not the case, however. The final draft of the Louisiana reorganization bill omits the two key elements of an integrated CHRA: the divorce of program development from services delivery and the creation of a regional services delivery network.⁶⁷

The reorganization bill created eight divisions within the umbrella department:

- 1-Social, Human and Rehabilitative Services
- 2-Health, Maintenance and Ambulatory Services
- 3-Hospitals
- 4-Income Maintenance
- 5-Mental Health
- 6-Charity Hospital at New Orleans
- 7-Administration and Planning Services
- 8-Education and Research⁶⁸

The first six divisions correspond to the old program units (even to the retention of Charity Hospital as a separate entity), and the last two divisions were supposed to provide management tools for the new health-welfare commissioner.

With so many agencies brought under the department, it was necessary to assure that the commissioner would actually be able to coordinate the separate units. The reorganization bill provided that the commissioner would be the executive officer of the department. He would be responsible for "the administration, control and operation of the functions, programs, and affairs of the department."⁶⁹ The commissioner was given power

to make all the rules governing the department, to appoint advisory commissions, to conduct studies and investigations, to hold hearings, and to restructure the internal divisions of the department.⁷⁰ The latter may be particularly important since it suggests that at some time in the future, the commissioner would have the power to reorient the department toward the services integration concept. Moreover, he would be able to accomplish this without having to go back to the legislature for its approval.

The commissioner is appointed by the governor and serves at his pleasure. Although the deputy commissioner is appointed by the commissioner, the heads of the eight departmental divisions are appointed by the governor upon the commissioner's recommendation. The reorganization bill also establishes a fifteen member Board of Health, Social, and Rehabilitation Services.⁷¹ During the reorganization debate, many people had called for the creation of a board with sole responsibility for the operations of the department. However, in the final draft of the reorganization bill, the board is clearly made subordinate to the commissioner in health-welfare policy matters. The role of the board is to serve as adviser to both the governor and the commissioner.

Transition phase. Since the reorganization bill passed the legislature on July 1, 1972 and would not go into

effect until January 1, 1973, there was an interval of six months with which to prepare for the transition. The legislation specified steps which the agencies were required to take prior to the effective date of the act. By September 15, 1972, the agencies were required to submit to the governor, the commissioner of administration, and the new health-welfare commissioner designate a list of personnel, salaries, and job descriptions; an inventory of office furniture and equipment; all financial and bookkeeping records; and a summary of all floor space being used by the agencies. This information was supposed to be translated into a "transition plan for consolidation" which had to be submitted to the governor and the commissioner of administration by November 1, 1972. That plan was supposed to detail how the new health-welfare commissioner proposed to merge the component parts into one department.⁷²

The final phase of the transition was completed when Governor Edwards named Dr. Charles Mary to head the new umbrella department. Dr. Mary had been one of the prime movers behind the consolidation concept; thus his aims could be expected to coincide with those of the governor. After his appointment, Dr. Mary indicated that his initial efforts would be aimed at eliminating the duplication and competition for the human resources dollar which existed under the state's unreformed health-

welfare system.⁷³

Conclusions

As this chapter has noted, Louisiana has not been a very hospitable environment for administrative reorganization. The comprehensive reorganization attempted by the reform governor Sam Jones failed when the state supreme court invalidated first the amendment and then the state statute which had established the reorganization. For the next thirty-two years, there was little reorganization in the state.

This chapter has offered the suggestion that one reason for the lack of reorganization during this period lies in the failure of the governors to support reorganization plans. In most of the other states, the record shows that reorganization proposals have been supported by the governor because they will increase gubernatorial power over the state policy-making system. The fact is that the Louisiana governor does not need this assistance. A case could even be made that the Louisiana governor could lose since reorganization might take away some of his patronage appointments and make it easier for the state legislature to participate in decision-making.

Conditions during the 1971-72 election campaign were very similar to those in 1940 when the first comprehensive proposal was made. Political corruption and

voter unrest were evident. The candidates running in the 1971-72 election campaign proposed numerous reforms for state government. One of those candidates, Congressman Edwin Edwards, proposed reorganization as well as major constitutional revision.

Edwards was elected, and to a great many people's surprise, he made good his promise to propose administrative reform and constitutional revision. The Edwards reorganization was comprehensive and also very controversial in some aspects. In the final analysis, Edwards got very little of his reorganization plan passed by the legislature. He did manage to secure the passage of legislation consolidating the state's fifty-nine health-welfare agencies. However, even that legislation was a compromise since the governor was forced to drop plans to include HEAL in the umbrella department. The health-welfare legislation did provide for a transition phase, but a closer examination of it shows that this transition was limited to an inventory of equipment and the transfer of records to the commissioner's office. It may have been an omen that the legislation did not provide for an inventory of programs and agency goals. It would certainly seem that any new department head of such a large agency could have made good use of such an inventory!

Notes for Chapter II

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2. Allan P. Sindler, Huey Long's Louisiana: State Politics, 1921-1952 (Baltimore: The Johns Hopkins Press, 1956), pp. 137-139.
3. Ibid., pp. 140ff.
4. Ibid., p. 150.
5. Ibid., pp. 157ff. Also see Robert H. Weaver, "Administrative Reorganization in Louisiana" (Master's thesis, Louisiana State University, 1951), pp. 66ff.
6. Sindler, p. 159.
7. Weaver, pp. 61ff.
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9. Ibid., pp. 119-120.
10. William C. Havard, Rudolf Heberle, and Perry H. Howard, The Louisiana Elections of 1960 (Baton Rouge: Louisiana State University Press, 1963) and Charles W. Tapp, "The Gubernatorial Election of 1964: An Affirmation of Political Trends," Louisiana Academy of Sciences 27 (1964), pp. 74-78.
11. See pages 68-70 of this study.
12. Leslie Lipson, pp. 82ff. Also see Leslie Lipson, "The Executive Branch in New State Constitutions," Public Administration Review 9 (Winter, 1949), pp. 11-21.
13. Alex B. Lacy, Jr., "The Louisiana Legislature," in Power in American State Legislatures: Case Studies of the Arkansas, Louisiana, Mississippi, and Oklahoma Legislatures, ed. Alex B. Lacy, Jr. (New Orleans: Tulane Studies in Political Science, Volume 11, 1967), pp. 42-80. Also see Charles W. Tapp, "Development of the Constitutional Appointive Power of the

Louisiana Governor: 1812-1921" (Master's thesis, Louisiana State University, 1964); James W. Prothro; "A Study of Constitutional Development in the Office of the Governor in Louisiana" (Master's thesis, Louisiana State University, 1948); and James Numa Pezant, "Gubernatorial Power in Louisiana" (Master's thesis, Louisiana State University in New Orleans, 1972).

14. Lacy, pp. 42-80. Also see Kimbrough Owen, "The Concept of Legislative Power in Louisiana Constitutions," Louisiana Law Review 14 (1954), pp. 764-790.
15. Lacy, p. 46.
16. The practice of dedicating revenues has long been in use in Louisiana. In fact, the 1921 Constitution contained specific dedications of the revenue derived from the state's severance tax on oil and natural gas. When a state or other governmental unit decides to dedicate a revenue, it designates either by law or by a constitutional amendment (Louisiana has used both methods) that the revenue obtained from certain taxes will be used specifically for the support of the governmental programs mentioned in the dedication. For example, a state might pass a law dedicating revenue from a sales tax for the support of public education. The danger in overusing dedicated revenues is that it lessens the state's ability to reallocate revenues as new problems arise. In order to change a dedication, either a law repealing the dedication must be passed; or, in the case of Louisiana, an amendment must be added to the state constitution. What usually happens is that the special interests who benefit from the dedication (for example, teachers in public schools) will fight to retain the special dedication.
17. Public Affairs Research Council, "Improving the Louisiana Legislature," PAR Analysis No. 129 (November, 1966).
18. Public Affairs Research Council, "Growth of State Agencies," PAR Analysis No. 74 (December, 1958) and "Powers of the Governor and Gubernatorial Succession," PAR Analysis No. 127 (April, 1965), pp. 4-7.
19. Perry H. Howard, Political Tendencies in Louisiana, rev. ed. (Baton Rouge: Louisiana State University Press, 1971), pp. 375-397 and Jack Bass and Walter De Vries, The Transformation of Southern Politics:

Social Change and Political Consequences Since 1945
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20. Howard, pp. 394ff.
21. Ibid.
22. Congressman Gillis Long was defeated for reelection in 1964 and former New Orleans Mayor deLesseps Morrison was killed in a plane crash in the summer of 1964.
23. Howard.
24. "The Report of the Committee to Consider Changes in the Power, Duties and Responsibilities of the Governor," by Sam H. Jones, Chairman (Baton Rouge, Louisiana, May 11, 1966).
25. Public Affairs Research Council, "Election Results, November, 1966," PAR Analysis No. 138 (December, 1966).
26. Public Affairs Research Council, "Democratic Primaries - 1967," PAR Analysis, No. 146 (December, 1967).
27. Sandy Smith, "The Fix," Life 63 (September 1, 1967), pp. 22-23+; Sandy Smith, "Carlos Marcello: King Thug of Louisiana," Life 63 (September 8, 1967), pp. 94-97; Sandy Smith, "From a Governor and a D.A. - An Offer of Resignation," Life 63 (September 29, 1967), pp. 34-36; and David Chandler, "The 'Little Man' Is Bigger Than Ever," Life 68 (April 10, 1970), pp. 30-37.
28. Ibid.
29. Public Affairs Research Council, "20 Years of Louisiana Politics: 1950-1970," PAR Analysis No. 168 (October, 1970). Also see Bass and De Vries, pp. 168ff.
30. V.O. Key, Jr., Southern Politics in State and Nation (New York: Vintage Books, 1949), pp. 37-41.
31. James Chubbick, Edward Renwick, and Joe E. Walker, "The Emergence of Coalition Politics in New Orleans," in Readings in Louisiana Politics ed. Mark T. Carleton, Perry H. Howard, and Joseph B. Parker (Baton Rouge: Claiborne's Publishing Division, 1975), pp. 472-487. Also see Gene Bourg, "Landrieu Marked

Turning Point," New Orleans States-Item, 16 February 1973, p. 27.

32. Quoted in a speech by Charles Ferguson, Associate Editor, New Orleans States-Item, "Political Corruption and the Press in Louisiana," PAR Analysis No. 222 (April, 1977). Mr. Ferguson was quoting Pie Dufour, historian and States-Item columnist.
33. Louisiana, Constitution (1921), Article XX, sec. 1-2. The vote of two-thirds of the elected members of each house of the legislature was required for proposing amendments to the 1921 constitution. However, there was no limit on the number of amendments which could be submitted for ratification vote at any particular election. This procedure in Louisiana can be contrasted with other state constitutions which require the legislature's approval of the proposed amendments for two successive legislative sessions before they are placed on the ballot for voter approval. See Duane Lockard, The Politics of State and Local Government (New York: The Macmillan Company, 1965), pp. 92-94.
34. Public Affairs Research Council, "General Election, November, 1970," PAR Analysis No. 169 (November, 1970), p. 10.
35. Public Affairs Research Council, "Election Results, November, 1966," PAR Analysis No. 138 (December, 1966), p. 4.
36. PAR Analysis No. 169.
37. Ibid.
38. Neal R. Peirce, The Deep South States of America: People, Politics, and Power in the Deep South States (New York: W.W. Norton and Company, 1974), pp. 64ff.
39. Ibid.
40. Gene Bourg, "The Role of the Dollar," New Orleans States-Item, 27 February 1973, p. 37.
41. Charles E. Grenier and Perry H. Howard, "The Edwards Victory," in Readings in Louisiana Politics ed. Mark T. Carleton, Perry H. Howard, and Joseph B. Parker (Baton Rouge: Claiborne's Publishing Division, 1975), pp. 488-498.
42. Ibid.

43. Peirce, p. 68.
44. New Orleans Times-Picayune, 11 May 1972, sec. 2, p. 5.
45. Ibid.
46. Public Affairs Research Council, "25 Years of Political Reform," PAR Analysis No. 204 (June 2, 1972).
47. New Orleans Times-Picayune, 5 May 1972, sec. 1, p. 1.
48. New Orleans States-Item, 5 May 1972, sec. 1, p. 1.
49. Louisiana Legislative Council, The History and the Government of Louisiana (Baton Rouge: Louisiana Legislative Council Research Study No. 17, March, 1964), p. 203.
50. Ibid.
51. New Orleans Times-Picayune, 5 May 1972, sec. 1, p. 2.
52. New Orleans States-Item, 19 June 1972, p. 5.
53. Louisiana, Acts of the Legislature, 1968. Act No. 112. Also see New Orleans States-Item, 13 June 1972, p. 5.
54. Ibid.
55. Ibid.
56. Ibid.
57. Louisiana, Acts of the Legislature, 1972. Act No. 235.
58. Public Affairs Research Council, Louisiana's State Health Program (Baton Rouge: Public Affairs Research Council of Louisiana, 1967), pp. 5-9.
59. During the 1971-72 gubernatorial campaign, Edwin Edwards related the story of his first encounter with the state's health-welfare system. He claimed that one of the most vivid memories he had as a child was when he took a bus ride from his rural parish to New Orleans. There, he received medical treatment at Charity Hospital. That bus ride was

provided free of charge as part of the state's health-welfare system.

60. Public Affairs Research Council, Louisiana's State Health Program, pp. 31-34.
61. Ibid., pp. 9-10, 34-38.
62. Ibid., pp. 10, 11, and 134ff.
63. Ibid.
64. Ibid., pp. 11-12.
65. New Orleans States-Item, 19 June 1972, p. 5.
66. See page 42 of this study.
67. See pages 40ff. of this study.
68. New Orleans Times-Picayune, 5 May 1972, sec. 1, pp. 1-2.
69. Louisiana, Acts of the Legislature, 1972. Act No. 235.
70. Ibid.
71. Ibid.
72. Ibid.
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C H A P T E R I I I
THE EFFECT OF THE REORGANIZATION ON AGENCY
STRUCTURES, DECISION-MAKING PROCEDURES,
AND PERSONNEL

Introduction

Up to this point, this study has focused solely on the factors surrounding the consolidation of the fifty-nine health and welfare agencies under the new umbrella department. The purpose of the next three chapters is to examine what has happened since the reorganization officially went into effect on January 1, 1973. Was that reorganization a success or a failure? Has it achieved the monetary savings predicted by Governor Edwards? Has it improved the delivery of health and welfare services to Louisiana's citizens? Or, is this yet another reorganization attempt that must be consigned to the list of failures.

The task of evaluating the success or failure of a reorganization is not an easy one. In his book on state reorganization, Frederick Mosher suggests two criteria for judging the effectiveness of a reorganization.¹ The first criterion is structural effectiveness. Mosher ex-

plains that a reorganization can be classified as structurally effective if the actual formal organization structures, the allocation of power within the organization, the distribution of organization functions, and the internal relationships within the organization are modified in accord with the intent of the reorganization plan. By this measure, the twelve reorganizations included in Mosher's book had some measure of structural effectiveness. However, using Mosher's second criterion, substantive effectiveness, those twelve reorganizations were less effective. Substantive effectiveness involves "the appraisal of results against the criteria implicit in the statement of reorganization goals."² When the goals are simple and specifically stated and where results can be objectively measured, an appraisal of substantive effectiveness can be made. The problem, though, is that these conditions are not always present in a particular reorganization.

Mosher lists four of the most persistent problems in evaluating reorganization. The first involves the determination of reorganization goals against which the implemented reorganization can be measured.³ The difficulty here lies in the fact that different political actors may have different goals they wish to achieve through reorganization. Against which should the implemented reorganization be measured? Moreover, it is sometimes difficult

to determine the degree of commitment to the reorganization's goals. For example, when Governor Edwards predicted monetary savings if his reorganization plan was adopted, was he actually committing his administration to the realization of these economies? Or, was he only using the predicted savings as a public relations gimmick designed to build political support for his plan?

A second problem arises over the assessment of the results of the reorganization.⁴ The participants in the original reorganization decision are most likely to view the reorganization's results favorably. Therefore, one should be cautious in obtaining evaluative statements from the reorganization's participants. It will be necessary to balance their statements with more objective measures such as: budget totals, number of clients served, type of services offered, and level of services.

A third problem involves the "cost" of a reorganization.⁵ It is not just a question of how much money must be spent implementing the reorganization. One must also assess the cost in terms of such factors as: employee morale, agency output, and disruption of agency routines. In the long run, the latter may be more significant in assessing the true impact of a reorganization than either direct monetary costs or savings.

Finally, there is the problem of time.⁶ Mosher points out that major organizational changes are not nec-

essarily immediately visible to outside observers. Mosher's point is that the gradual nature of organizational change requires the researcher to employ a longer time period for his analysis. If the researcher does not use the longer time period, the likelihood is that his analysis will reveal only a partial picture of the impact of organizational change.

Given the complexity of reorganizing a large agency or a large group of agencies, it seems likely that the impact of a reorganization might also be minimal at the outset of its official adoption. It may be, as Mosher suggests, that the implementation phase of a reorganization will go on long after the official effective date has passed. During that phase, the task of achieving the reorganization's goals is complicated by personnel problems in the recently reorganized agencies, by the changing needs of clients served by the agencies, and by changes in political-administrative relationships. Using a longer period of time for the analysis should allow a more thorough assessment of the reorganization's impact as well as these unforeseen occurrences.

Integration of Agency Structures

The purpose of Chapters Three and Five is to determine the effectiveness of the 1973 reorganization using the criteria established by Mosher. The present

chapter assesses the structural effectiveness of the reorganization. It will focus on organizational structures, decision-making procedures, and agency personnel.

One of the first effects one looks for in judging the impact of a reorganization is the degree to which governmental structures have actually been changed by the adoption of the reorganization plan. The traditional reorganization literature suggests that one result of a reorganization is the integration of organizational structures.⁷ It suggests that it is not enough for a reorganization to accomplish "bureau shuffling," i.e., the shifting of agencies on the organization chart without any accompanying effort to integrate the internal structures of the affected agencies. The literature suggests that reorganization should also include an attempt to integrate the previously independent agencies into a single new departmental structure. Presumably, this would include an effort to eliminate separate budget, finance, and accounting units. In their place would be a single unit which would perform all the management functions for the reorganized department.⁸

How well does the 1973 Louisiana reorganization conform to this model? A close examination shows that there was a great deal of bureau shuffling but no immediate attempt to fuse the fifty-nine separate units into one large department. One need look no further than the

legislation which created the Louisiana Health, Social and Rehabilitation Services Administration (hereafter, abbreviated LHSRSA) to see what little integration was initially accomplished.⁹

That legislation stated that the fifty-nine agencies, boards and commissions were "merged and consolidated," and it even specified the separate divisions that were to comprise the new department. However, the legislation did not state explicitly that those agencies were to be abolished or terminated once the reorganization took effect.¹⁰ As a result, the old structures still legally existed alongside the new structures. The old Department of Public Welfare still legally existed within the Division of Income Maintenance; the Department of Hospitals could be found within the new Division of Hospitals; the Department of Public Health could be found within the new Division of Health, Maintenance and Ambulatory Services; and Charity Hospital at New Orleans could still be found within the new Division of Charity Hospital at New Orleans.

The continued separation of Charity Hospital at New Orleans from the administration of the other state general care hospitals also indicates what little integration was actually intended by the enabling legislation. Had there been a serious effort to integrate fully the organizational structures of the merged agencies,

Charity Hospital would certainly have been consolidated with the other state hospitals under the Division of Hospitals in LHSRSA. Yet Charity Hospital remained a separate organizational entity even after the reorganization went into effect. This meant that Charity retained its own Director, budget and accounting units, purchasing unit, and personnel unit. One must therefore conclude that the term umbrella was a very accurate description of LHSRSA in 1973. Like an umbrella, LHSRSA provided only a superficial covering over the separate organizational entities which comprised it.

One aspect of the 1973 reorganization which may eventually assist in achieving the goal of integration was granting the LHSRSA commissioner the authority to "merge, consolidate, rearrange, create or establish..." the divisions within the consolidated department.¹¹ This seemed to indicate that if it were ever politically and administratively feasible, the commissioner of LHSRSA would have the necessary power to complete the full integration of the department. Indeed, the record shows that in the five years since the department's creation, there have been several changes affecting the internal structures of LHSRSA.

Some have been just cosmetic changes. For example, four of the original divisions of LHSRSA underwent name changes, and in 1974, the name of the umbrella

department was itself changed to a more manageable title - the Louisiana Health and Human Resources Administration.¹² Also in 1974, a new Division of Youth Services was created by legislative act.¹³ This division was given the responsibility for coordinating and planning the services and resources available to juvenile delinquents. It is interesting to note that during the legislative debate on this bill there was considerable discussion of the merits of including the youth correctional institutions (then housed in the Department of Corrections with all of the state's adult correctional facilities) in the new LHSRSA division. While this proposal was subsequently rejected, the creation of the Youth Services Division plus the creation of the Division of Rehabilitation Services in 1976 may indicate that Louisiana is moving toward the type of comprehensive human resources agency described in HEW and Council of State Governments publications.¹⁴

The most important changes, however, have come about in the disposition of the so-called housekeeping functions of the umbrella department.¹⁵ Past reorganizations have demonstrated that the integration and adequate financial support of a central housekeeping division is an essential factor in achieving complete integration of a reorganized department.¹⁶ Unless the head of the consolidated department has management tools at his disposal, he cannot hope to control the many separate agencies with-

in his department. These management tools must include some or all of the following: budgeting, accounting, personnel, central purchasing, and central planning.

Under the 1973 reorganization, the umbrella department was given two divisions which conceivably could have housed all of the management functions of the department. The first, the Division of Education and Research, never became operative. The second, the Division of Administration and Planning, has become an important tool of the LHSRSA commissioners. The first commissioner, Dr. Charles Mary, did very little with the division since he was so often embroiled in political disputes with the governor and the commissioner of administration.¹⁷ The second commissioner, Dr. William Stewart (1974-1977) has accomplished considerable integration of the department's management functions.

In 1975, Dr. Stewart began transferring the separate budget functions from the operating divisions to the Division of Management (the name was changed in 1975).¹⁸ Most of these transfers initially came from the Division of Family Services and the Hospital Division. Somewhat later, the Division of Management also developed a Data Processing section, and this section has been gradually assuming responsibility for most of the data processing needs of the department.¹⁹

The integration process may have been hastened by

a series of scandals at the huge Charity Hospital complex in New Orleans. Throughout 1973 and 1974, there were constant revelations of equipment theft, mismanagement in food purchasing, and numerous unexplained drug losses. These revelations culminated with a surprise inspection during 1975 by the Joint Commission on Accreditation of Hospitals.²⁰ As a result of that surprise inspection, Charity's accreditation was revoked. The latter action was the last straw for Governor Edwards since he feared that loss of accreditation would cause Charity Hospital to lose federal Medicare and Medicaid funds. Edwards directed his commissioner of administration, Charles Roemer, to find out what was happening at Charity Hospital and to make recommendations on how to solve Charity's problems.²¹

This involvement, however, only complicated matters for Dr. Stewart. Still new to the commissioner's job and with very little consolidation already accomplished, he was faced with a dilemma. How could he get information on what was going on at Charity if the people at Charity did not know themselves? Were the missing drugs actually stolen? Or, were they only unaccounted for because of archaic accounting procedures at the hospital? As long as the commissioner could not give the answers, he could be sure that the governor and Mr. Roemer would continue to be involved with Charity's problems. There-

fore, if Dr. Stewart was going to free himself from this outside "help," he needed to build up the auditing and data processing functions of the Division of Management.

Evidence of Dr. Stewart's support for management activities can be seen in the fact that when Dr. Stewart became commissioner in 1974, the division was budgeted only \$2.8 million and 215 positions for administrative activities.²² By the time Dr. Stewart left office in 1977, the division was budgeted \$18.3 million and 716 positions for administrative activities.²³ Dr. Stewart's successor, Dr. William Cherry, seems to be following a similar course. For his first full budget year, fiscal year 1978-1979, Dr. Cherry has requested that the division be granted a budget of \$22.5 million and 1039 positions.²⁴

Another area in which the effect of reorganization might be felt lies in the area of agency ideology. Anthony Downs has defined this as:

a verbal image of that portion of the good society relevant to the functions of the particular bureau concerned, plus the chief means of constructing that portion.²⁵

In other words, an agency's ideology expresses the policy objectives that it wishes to accomplish. This ideology does not necessarily provide an accurate description of what the agency does. Downs refers to it as an "idealized version... tailored to act as a public relations vehicle for them."²⁶

Through its ideology, an agency is able to project its objectives to employees as well as to the outside political environment. Downs explains that given the scarcity of available resources and the great amount of data confronting decision-makers, an agency's ideology often serves to influence decision-makers to support a particular agency's objectives.²⁷

Downs also notes that bureaucratic agencies compete fiercely to distribute favorable images of their work with the public in the hope that their programs will receive public support.²⁸ Two examples of this are the FBI and the United States Marine Corps. The FBI has for years carefully cultivated the image of crimefighter and protector against communist subversion. The Marine Corps has built its image by emphasizing its military preparedness and by stressing that the Marines are always the first American military unit to see combat action.

For those inside an agency, ideology serves an important function. It gives employees a sense of identity with the agency's mission and also provides the security of being a member of a group. In his case study of the United States Forest Service, Herbert Kaufman describes the Forest Service ideology that has developed over the years.²⁹ Agency members have a sense of belonging to an elite group. Their training in forestry schools, their unique uniforms, their separate personnel system,

and the isolation of their field work set them apart from the other employees of the federal government.

Thus ideology is an important factor in an agency's communications with its environment and in its relationships with its employees. What happens, though, when a consolidation takes place? One might surmise that the consolidated department would attempt to submerge the separate identities of the previously independent agencies and to replace them with the new identity of the consolidated department. It would seem that as long as the subunits retain separate identities this poses a threat to the consolidated department's ability to integrate the functions and programs of the reorganized agencies. After all, if a subunit retains a separate identity with legislators and interest groups, there exists the possibility that it could go over the department head in order to appeal budget or program cuts. Perhaps the fact that a subunit is able to retain its own separate identity may encourage opponents of the original consolidation plan to continue their battle to defeat the goals of the consolidation.

In the case of the Louisiana consolidation, each of the reorganized agencies retained its own identity after the consolidation went into effect. For instance, if a person was a client of Charity Hospital at New Orleans prior to the consolidation, he continued to be

served by that agency after the consolidation went into effect. For that person, the reorganization meant very little. In fact, the average user of Charity's services was probably not even aware that the hospital was now part of a large umbrella department.

Of course, one could argue that the fact that Charity Hospital retained its same title accounted for its continued separate identity.³⁰ However, it should be pointed out that other departments also retained their separate identities despite formal name changes. The Public Welfare Department became the Division of Income Maintenance under LHSRSA; yet for thousands of welfare clients, this name change meant very little. Most clients continued to refer to the new division as the Department of Public Welfare. Even the governor and the legislature continued to use the old name. The first Executive Budget issued by the Governor's Office after the reorganization contained the following heading for the welfare budget:

Division of Income Maintenance
Department of Public Welfare³¹

In retrospect, it should not have been that surprising to discover that the Louisiana umbrella department has had problems developing an identity of its own. Given the lack of integration in the initial consolidation effort plus the existence of well established identities of several of the reorganized agencies, it would

have been naive to expect the umbrella department to develop a new identity immediately. Complicating matters for the umbrella department was the name chosen for it: the Louisiana Health, Social and Rehabilitation Services Administration. Even using its initials, LHSRSA, the title was awkward and unlikely to inspire anything but confusion when one attempted to verbalize the department's name. It certainly was a lot easier for a person to state that he was receiving services from the Welfare Department than it was for him to say (in one breath) that he was receiving services from the Louisiana Health, Social and Rehabilitation Services Administration.

Because of the confusion caused by the umbrella department's name, the Louisiana legislature changed the title of the department in 1974.³² The new title was the Louisiana Health and Human Resources Administration (LHHRA). Yet, even this name has had difficulty catching on with the public. Ironically it seems that some of the problems encountered by the department (like the scandals at Charity and the disagreements between the commissioner of administration and the first two health-welfare commissioners) may have contributed to the development of a negative image for the department. As a matter of fact, the initials of the department combined with the numerous problems it has had since the consolidation went into effect prompted the chairman of the House Appropri-

ations Committee to proclaim that at long last the umbrella department was properly named: LA HORROR!³³

In the final analysis, the Louisiana case does raise some interesting questions about the possible relationship between structural integration and agency identity. What would have happened had the umbrella department been more fully integrated from its inception? Would it have been able to overcome and submerge the identities of such well established departments as Charity Hospital and the Department of Public Health (both of these departments had been organizational entities for at least one hundred years)?³⁴ Could those agencies have resisted the pressures of a strong, well-integrated department?

Perhaps the answer is that certain subunits of an umbrella department will always retain an identity with specialized interest groups. For example, the Office of Education within the Department of Health, Education and Welfare retains a special identity with respect to education issues. Whether or not an umbrella department tries to submerge the identities of its component agencies may depend on its own degree of integration and also on whether continued separate identities are perceived as a threat to the consolidated department. A subunit which goes about its business without interfering with departmental objectives may not be seen as a threat. However, a controver-

sial agency or one that balks at orders from the commissioner's office may be seen as a threat. In that event, it would seem that the consolidated department would make an intensified effort to submerge the identity of the offending subunit.

Decision-Making in the Umbrella Department

One of the biggest problems encountered in the consolidation of a large group of agencies lies in the area of decision-making. The head of the consolidated department is supposed to become the primary decision-maker for the department. Individual agencies still participate in formulating decisions; however it is the department head who now has the final say. With all of the information funnelled to him, it is presumed that he is in the best position to determine if any undesirable program duplication is present. Whenever he finds it, the department head's job is to eliminate the undesirable duplication and force the agencies to coordinate their activities. The key ingredients in this becoming a reality are that the department head be given full authority over component agencies, adequate management tools, and support of the chief executive who appointed him.

Of course, the ideal and the reality are often contradictory. What frequently happens is that the head of the consolidated department becomes little more than

a figure head. This is especially true if the component agencies are well established with strong ties to clients and legislators. In the latter cases, agencies are able to resist the coordinative efforts of the new department head. They go about their normal routines as if the reorganization had never taken place.

Since the Louisiana reorganization involved such a large number of agencies with established routines and strong political allies, it might have been expected that the LHSRSA commissioner would have difficulty controlling the department. Nevertheless, it should be remembered that the reorganization legislation did provide the basis for establishing a strong commissioner. That legislation stated that the commissioner would be:

the executive and administrative officer of the state department of health, social and rehabilitation services. He shall be responsible for the administration, control and operation of the functions, programs and affairs of the department and the policies with respect thereto and of all institutions and facilities thereof.³⁵

In addition, the legislation stated that the commissioner was to advise the governor on health-welfare issues, and it gave the LHSRSA commissioner the authority to hold hearings, conduct investigations, and make rules governing the department. Coupled with his authority to merge and consolidate divisions, this legislation seemed to give the LHSRSA commissioner adequate authority to govern the umbrella department.

The problem with this is that in practice the LHSRSA commissioners have had to contend with political and administrative problems that have frequently overwhelmed them. This seems to be why the first commissioner, Dr. Charles Mary, did not have as great an impact on departmental decision-making as one might have expected.

Dr. Mary had been one of the prime movers behind the consolidation concept.³⁶ Although he had not been a political supporter of Edwin Edwards during the gubernatorial election, his selection as the first LHSRSA commissioner certainly indicated that he had the governor's confidence. Because of his administrative experience as head of Charity Hospital at New Orleans, most observers viewed Dr. Mary as the ideal choice to be the first LHSRSA commissioner.

Dr. Mary was designated commissioner of LHSRSA in November, 1972. The reorganization went into effect on January 1, 1973; however, within ten months, Dr. Mary had become the center of a major political controversy.³⁷

In June of 1973, Governor Edwards had approved a salary hike for the LHSRSA commissioner. The press immediately questioned the advisability of giving Dr. Mary an increase to \$55,000 a year. Governor Edwards justified this increase on the grounds that Dr. Mary had assumed the duties of the recently resigned state health officer. The governor reasoned that the state was actually saving money

since Dr. Mary was now performing two jobs.³⁸

Dr. Mary also experienced problems when a legislative audit disclosed that Charity Hospital at New Orleans had purchased meat at \$4.95 a pound and that the hospital's board members and state legislators often ate free meals at the hospital. The audit made the point that while the board members and state legislators were getting the expensive grades of meat, hospital patients were being fed a cheaper, lower grade of meat. Because Dr. Mary had been hospital director while this practice was going on, he received most of the blame. Legislators wanted to know how Dr. Mary and the governor could justify increased appropriations for the umbrella department when so much money was being wasted on free meals.³⁹

Governor Edwards initially defended Dr. Mary and the umbrella department's policies. He and Dr. Mary appeared together at a press conference to refute the criticisms. They claimed that the practice of giving free meals to board members and legislators had stopped once Governor Edwards became governor. They also pointed out that within only six months of the consolidation the state had already saved \$10 million. This total, according to the governor and Dr. Mary, consisted of:

- \$4.7 million which the department returned to the state general fund
- \$2.0 million in new federal funds generated by LHSRSA
- \$1.3 million saved by encouraging early retirements and by denying merit increases

\$2.0 million saved in interest rates and overhead. Both the governor and Dr. Mary predicted that further savings would be realized before the end of the year.⁴⁰

However the relationship between Governor Edwards and Dr. Mary had deteriorated before those additional savings could be achieved. Most of the trouble between Edwards and Mary stemmed from Dr. Mary's attack on the Family Health Foundation (abbreviated FHF). The latter was a private family planning agency with strong ties to Tulane Medical School. The dean of the medical school was a member of the Family Health Foundation's board of directors, and the head of FHF, Dr. Joseph Beasley, was on the Tulane medical faculty.⁴¹

The Family Health Foundation held both federal and state contracts to deliver birth control and other family planning services to Louisiana's poor. Apparently, Commissioner Mary's interest in FHF contracts began in April, 1973. At that time, a regional HEW official warned him of certain irregularities in FHF's execution of the contract. The HEW official also informed Dr. Mary that there would be a federal audit of the manner in which FHF had executed its federal contract. In September, 1973, after completion of his own investigation, Dr. Mary announced at a press conference that the state of Louisiana would not sign another contract with FHF. With that announcement, Dr. Beasley and other FHF officials complained to

the governor and Commissioner of Administration Charles Roemer. They intimated that Dr. Mary was professionally jealous of Dr. Beasley's world-wide reputation as a family planning expert. They also charged that Dr. Mary wanted to take over the family planning program, placing it under the control of the umbrella department.⁴²

The governor appeared to agree with the FHF arguments. He publicly reprimanded Dr. Mary and stated that only the governor had the authority to approve or disapprove state contracts. Despite an attorney-general's opinion to the contrary, the governor persisted in his public statements. Edwards also insisted that he could find no wrong with FHF, adding that the real problem seemed to be a personality clash between Commissioner Mary and Dr. Beasley.⁴³

In the next seven months, the relationship between the governor and Dr. Mary deteriorated even further. There was considerable speculation that Dr. Mary would be fired. Governor Edwards continued his public criticism of his LHSRSA commissioner, charging that Dr. Mary had spent too much time on the FHF matter and not enough time attending to the implementation of the health-welfare reorganization. The governor even went so far as to suggest that Dr. Mary hire a special assistant to help him with the consolidation. The governor added, however, that Dr. Mary should be willing to take a voluntary pay cut in

order to compensate his new assistant.⁴⁴

Matters were not helped by newspaper reports that the governor's election campaign had received contributions from FHF and that both the governor and his brother had taken trips aboard a plane leased to FHF. Eventually Dr. Mary's position on the FHF matter was vindicated. The governor was forced to admit that there was much more to the FHF case than he had at first realized. By that time though, Dr. Mary's relationship with the governor had deteriorated to the point where he could no longer be effective as LHSRSA commissioner. Dr. Mary resigned his position on April 5, 1974.⁴⁵

In the final analysis, Governor Edwards was probably correct in his assertion that Dr. Mary had spent too much of his time on the FHF matter. Once embroiled in a public dispute with the governor, Dr. Mary had little time left for departmental concerns. Yet, before the dispute came to occupy so much of his time, Dr. Mary took some administrative actions which illustrated the potential for the commissioner in decision-making matters affecting the department.

To begin with, Dr. Mary transferred funds from other programs to the departmental program which tested children for hearing defects. The hearing program's funds had expired before the end of the fiscal year. If Dr. Mary had not taken his prompt action, approxi-

mately 142 children would have gone without hearing aids until a new budget was approved by the legislature. Dr. Mary again took positive action when the food stamp program experienced a backlog of applications. Dr. Mary's administrative response was to transfer employees from other divisions to the Division of Income Maintenance which had responsibility for the program. As a result, the backlog was eliminated in only ten working days. During his tenure as commissioner, Dr. Mary also instituted central purchasing for hospital equipment and supplies, saving the state an estimated \$500,000.⁴⁶

Overall, Dr. Mary's success as commissioner was limited by his preoccupation with the FHF problem. Nevertheless, Dr. Mary's tenure demonstrated that the concept of health-welfare consolidation could work. Using a consolidated department, the state could save money, respond more quickly to administrative problems, and deliver the needed health and welfare services in an efficient manner. It would remain for the next commissioner, though, to cope with all of the implementation problems which Dr. Mary never solved.

Compared to Dr. Mary's term, the second commissioner's was relatively calm. Dr. William Stewart achieved more consolidation and increased still further the role of the commissioner in departmental decision-making. As previously indicated, Dr. Stewart's support

for the consolidation of management functions strengthened the commissioner. This action forced component divisions within LHSRSA to submit their budget requests to the Division of Management where its auditors could evaluate them against past performances.⁴⁷

Like his predecessor, Dr. Stewart was also forced to spend much of his time on the problems of Charity Hospital and the Family Health Foundation; however, other matters soon occupied part of his time. The state was ordered by a federal court to place its emotionally disturbed and mentally retarded children in state institutions. For years Louisiana had been housing them in Texas institutions. After it was shown that those Texas institutions often provided substandard and even inhumane care, the federal court ordered the state to place those children in licensed facilities within the state. That court order forced the commissioner to become more involved with the Divisions of Mental Health and Mental Retardation. This involvement eventually resulted in increased appropriations for the two divisions and also in a general upgrading of many institutions run by those divisions.⁴⁸

While the commissioner's role in the department has been expanding, that of the governor and the commissioner of administration has also increased. The numerous problems confronting the umbrella department have forced

Governor Edwards and Commissioner of Administration Charles Roemer to take an active role in departmental matters.⁴⁹ This has often produced favorable results in terms of increased appropriations and approval of deficit spending for the department, but it has no doubt also been a source of irritation for the commissioner of the umbrella department. He has been faced with the prospect of having the governor and Mr. Roemer constantly looking over his shoulder.

An example which illustrates this frustration occurred in the firing of two hospital directors at Charity Hospital. When Dr. Stewart came into office, one of his immediate goals was to have Charity Hospital sign a formal affiliation agreement with Tulane and LSU medical schools. The two medical schools felt that it was time for such a formal agreement, but Charity's director opposed the agreement. He argued that the two medical schools were trying to take over the hospital. He also claimed that if the affiliation agreement were signed, patient care would be sacrificed. He claimed that the primary goal of Charity Hospital would henceforth be the education of new doctors.⁵⁰

When the hospital director refused a direct order from Dr. Stewart to sign the affiliation agreement, he was promptly fired and replaced with someone who promised to carry out the commissioner's orders. That new director,

Lee Frazier, was not a doctor. He was, however, a professionally trained hospital administrator and also the first black to hold so high a position in Louisiana government.⁵¹ In September, 1976, Mr. Frazier was forced to resign because of a dispute with Commissioner of Administration Charles Roemer. The latter felt that Mr. Frazier had been uncooperative with the management people Roemer had assigned to Charity Hospital. Apparently piqued by this interference with his authority, Dr. Stewart rehired Lee Frazier as a special assistant to the LHSRSA commissioner.⁵² Although this was only a minor incident, it seems to indicate that Dr. Stewart did indeed resent "outside" interference from the governor and Mr. Roemer.

In spite of the setbacks, the commissioner's authority over the umbrella department has gradually increased. Each commissioner has become more involved in policy matters affecting the different divisions of the department. To some extent, the interest of the commissioner in a particular division seems to be in direct proportion to the degree of publicity given its problems. Since Charity Hospital has given the commissioner more trouble than the other divisions, the LHSRSA commissioner has been forced to devote much of his time to solving the hospital's problems. As other problems developed, the commissioner has given his time to other divisions.

The result has been a steady, if slow, increase in the commissioner's influence over all aspects of decision-making in the umbrella department. With this increase, there has been a corresponding decrease in the ability of the individual component agencies to make decisions independent of the commissioner.

Given Governor Edward's personal political investment in the success of the umbrella department plus the large investment of the state's resources, it might be expected that Edwards and Commissioner Roemer will maintain their close surveillance of the department. When major problems arise (and, to some extent, Governor Edwards has defined "major" problems as those which receive considerable and adverse media interest), the governor and his commissioner of administration will inject themselves in running the department. Even though this causes friction between the LHSRSA commissioner and his political superiors, the situation is not likely to change until the problems of the department occupy fewer newspaper headlines. It must be remembered that Governor Edwards has a large political investment in the consolidation. He has supported the department's huge budget requests, but he also expects some political return for his investment.⁵³

Even though he appeared at times to resent the governor's interest, Dr. William Stewart seemed aware of

these political realities. One suspects that his frequent clashes with Charles Roemer were Dr. Stewart's way of diverting his annoyance away from the governor. Even though Roemer obviously represents the governor in his dealings with the umbrella department, it was still convenient for Dr. Stewart to depict Roemer as the "heavy." One further suspects that Governor Edwards purposely uses Charles Roemer in this capacity with respect to all other state administrators under the governor's authority. This strategy allows the governor his input to the various departments; yet it also permits the departments to assert their independence by lashing out at the commissioner of administration.⁵⁴

Reorganization's Effect on Agency Personnel

Previous reorganization studies have indicated that there is frequently employee resistance to massive consolidation.⁵⁵ This stems from their fears about the unknown effects of reorganization. Employees are not certain whether their jobs will be secure under the reorganization. They are also apprehensive that established working relationships within the agency and between the agency and outside political actors will be adversely affected by the reorganization. For these reasons, employees sometimes provide the most visible resistance to reorganization plans. Failing in these

efforts, employees may resort to "guerilla warfare" as they try to sabotage the reorganization during the implementation phase.⁵⁶

Based on these observations from other studies, one might have expected more vigorous opposition from the employees of agencies affected by the health-welfare consolidation. In view of Governor Edwards' emphasis on the savings that would result from the consolidation, those employees would have been expected to be very vocal in their opposition to the plan. On the contrary, the opposition during the adoption stage was minimal. Perhaps because of the strong support given the plan by the governor, the state health officer, and the director of Charity Hospital, the employees might have felt that it was pointless to oppose the massive consolidation proposal. On the other hand, the employees of the affected agencies may not have felt threatened by the plan. They may have felt that the reorganization would amount to little more than an artificial covering over their agencies. They may also have thought that established agency routines would not be affected despite what the governor and his supporters predicted.

The only significant employee opposition to the reorganization came after the plan went into effect. Among those agencies scheduled to be consolidated under LHSRSA's umbrella was the Orleans Parish Health Depart-

ment.⁵⁷ Although all of the other parish health units were under the control and supervision of the State Health Department, the New Orleans health unit had always been an independent entity. It had never had any formal organizational ties with the state department. In fact, it was a charter agency of New Orleans city government. Also, unlike the other parish health units, the New Orleans unit was under the city's civil service and was financed totally by local funding (except for a small amount of federal funds).⁵⁸

After the 1973 reorganization went into effect, the new umbrella department made formal plans to consolidate the Orleans Parish Health Department. The problem was that the employees of that department did not want to be brought under the state civil service. Apparently, the city employees were worried about seniority, job classification, and pension benefits under the state civil service system. After the health department's employees threatened mass resignations, the city's elected officials decided to support their cause. The New Orleans city council instructed the city attorney to file suit charging that the 1972 reorganization legislation was unconstitutional because it violated the city's home rule charter.⁵⁹

As a result, the consolidation of the Orleans Parish health unit was delayed eighteen months while city

officials and representatives from LHSRSA negotiated a settlement that would be acceptable to the city health unit's employees. The agreement was finally reached in August, 1974. Under the terms of that agreement, the city's health unit would be merged into the umbrella department. However, the city employees would be given the option of transferring to the state civil service or remaining with the city civil service. If they chose the latter option, they would be transferred to another city department.⁶⁰

Although there have been other employee related problems since the reorganization went into effect, it is not possible to determine the extent to which these are the direct result of the reorganization. The problems at Charity Hospital created numerous morale problems at that large institution. The loss of hospital accreditation lowered the morale of the young doctors in training at Charity. Staff physicians were upset at the rapid turnover of hospital directors and also at the signing of the affiliation agreement between Charity and the two medical schools. The staff physicians feared that Charity would now become primarily a teaching institution and that the quality of patient care would deteriorate. It is very likely that those staff physicians were also worried about the security of their jobs in the event that Tulane and LSU actually did increase

their influence over the hospital. Since many of the staff physicians were not on the Tulane and LSU medical faculties, there may have been some justification for their fears. Those fears could only have been increased when Dr. William Stewart, the LSU medical school chancellor, became the LHSRSA commissioner in 1974. And, when Stewart gave the order to sign the affiliation agreement, it seemed that their worst fear had been realized.⁶¹

Morale problems also developed in the Division of Income Maintenance (formerly the Department of Public Welfare). Its problems mostly involved the New Orleans office of the division. That office was beset by a backlog of welfare applications. In addition, there were charges that some of the welfare workers in the office had placed themselves on the welfare rolls. In order to cut down on the alleged welfare fraud, the division's director ordered the case workers to make more frequent home visits, even if it meant going into the city's housing projects where the crime rate was very high. Case workers were very upset by these orders and also by the fact that the division head sent in an outsider to "clean up" the New Orleans office. Eventually the problems in that office were relieved when the division head removed the New Orleans director and replaced her with someone else who would see to it that the office's backlog and the welfare fraud were eliminated. Furthermore,

the division head relented with respect to his order that case workers had to go into high crime areas. He finally agreed that welfare workers would only have to go into those areas if they were accompanied by a police escort.⁶²

It may well be that greater problems have not developed because the consolidation has not been shown to be a threat to employee job security. Before the re-organization ever went into effect, there was considerable discussion about possible economies which might result. It should be noted, though, that there was never any mention of massive firings or layoffs. On the contrary, both Governor Edwards and Dr. Mary went out of their way to assure employees that there would be no such drastic actions. At the very first meeting of the new department's advisory board, Dr. Mary stated:

I want to make it very clear neither the administration nor the board is going to go into any sort of massive firings and layoffs. We will use natural attrition and transfer to we hope reduce the total table of organization in other actions. ...Other sections will need strengthening, and personnel will have to be moved from one area where there is strength to another where there is not.⁶³

Later, Dr. Mary announced that the department would also encourage early retirements in order to get the number of departmental personnel down to a more manageable level.

As Table 1 shows, the number of employees in the umbrella department has increased steadily since the re-organization went into effect. The agencies targeted for

consolidation were budgeted for 21,745 positions in fiscal year 1972-73. Each year since then, the total has increased, with the figure reaching almost 27,000 by the 1977-78 fiscal year. Thus, employees appear to have been correct in assuming that the consolidation would not threaten job security.

TABLE 1
NUMBER OF PERSONNEL IN LHSRSA

Fiscal Year	Agency Requests	Governor's Recommendations	Budgeted by Legislature
1973-74	29,650	22,153	22,484
1974-75	23,813	23,294	25,069
1975-76	29,218	25,130	25,655
1976-77	28,446	26,676	26,458
1977-78	29,107	26,600	26,887
1978-79	28,968	27,292	n.a.

Source: State of Louisiana. Executive Budget, Fiscal Years 1973-74 through 1978-79.

Conclusions

Using Mosher's criterion, it must be concluded that the Louisiana reorganization has not been completely effective from a structural standpoint. The structures of the independent agencies merged under the umbrella department were not substantially changed by the initial reorganization legislation. Whether intentional or not,

the 1972 reorganization legislation had not specified that the merged agencies would cease to exist once the reorganization took effect. This left the old organizational structures coexisting alongside the new ones.

The umbrella department has had some difficulty developing a separate identity for itself. Since the divisions are still roughly divided along old organizational lines, each has retained its separate identity for clients and others in the political system. The umbrella department has begun to establish its own identity, but this is partly because of the numerous political and administrative problems it has encountered since the reorganization took effect. That identity for many in Louisiana is a negative one.

Even though the Louisiana reorganization has had only a limited degree of structural effectiveness, this has not detracted from the commissioners' efforts to gain more control over the decision-making procedures in the new department. Principally because of the efforts of the second LHSRSA commissioner, Dr. William Stewart, the commissioner has increased his authority over the department. Dr. Stewart supported the growth of the Division of Management, and he has used this division in his efforts to gain control over the operating divisions of the department.

The governor and the commissioner of administration retain an active interest in the affairs of the um-

brella department. As was shown in this chapter, that interest is primarily the result of the numerous administrative and political problems which have beset the new department since the reorganization. As long as these problems persist, one can predict that Governor Edwards and Mr. Roemer will maintain more than just a passing interest in LHSRSA.

Finally, this chapter has shown that the reorganization did not substantially lower the morale of agency employees. In large measure, this was due to the efforts of Governor Edwards and the first LHSRSA commissioner, Dr. Charles Mary. Both went out of their way to assure employees that there would be no massive firings or layoffs once the reorganization took effect. The loss in morale that has taken place seems to be the direct result of other problems (like the mismanagement at Charity and the alleged fraud in the welfare division) rather than the result of reorganization. The only major employee problem which developed directly because of the reorganization was the problem with the Orleans Parish Health Department. That, however, involved only one small agency within LHSRSA's umbrella.

Notes for Chapter III

1. Mosher, p. 512.
2. Ibid.
3. Ibid.
4. Ibid.
5. Ibid.
6. Ibid.
7. Arthur E. Buck, Administrative Consolidation in State Governments (New York: National Municipal League, 1930) and The Reorganization of State Government in the United States (New York: Columbia University Press, 1938).
8. Management tools for the department head can be implied from the fourth standard of reorganization listed by Buck: "the provision of staff services to the governor."
9. Louisiana, Acts of the Legislature, 1972. Act No. 235.
10. Ibid.
11. Ibid.
12. Louisiana, Acts of the Legislature, 1974. Act No. 294.
13. Louisiana, Acts of the Legislature, 1974. Act No. 558.
14. See pages 41-43 of this study.
15. York Willbern, "Administrative Reorganization," in Democracy in the 50 States, ed. Charles Press and Oliver P. Williams (Chicago: Rand McNally Company, 1966), pp. 417-431.
16. R. L. Carleton, The Reorganization and Consolidation: of State Administration in Louisiana (Baton Rouge: The Bureau of Governmental Research, Louisiana State University, 1937), pp. 20-21.

17. See pages 120-124 of this study.
18. Louisiana, Acts of the Legislature, 1974. Act No. 294.
19. Louisiana, Executive Budget, fiscal years 1974-75 through 1977-78. Also see Louisiana Health and Human Resources Administration, Annual Report, July 1, 1975 - June 30, 1976.
20. New Orleans Times-Picayune, 25 January 1976, sec. 8, p. 9.
21. Edwards has frequently used Charles Roemer as a troubleshooter. See Baton Rouge Sunday Advocate, 22 May 1977, sec. A, p. 12.
22. Louisiana, Executive Budget, fiscal year 1974-75.
23. Ibid., fiscal year 1977-78.
24. Ibid., fiscal year 1978-79.
25. Anthony Downs, Inside Bureaucracy (Boston: Little, Brown and Company, 1967), p. 237.
26. Ibid., p. 243.
27. Ibid., pp. 238ff.
28. Ibid., p. 240.
29. Herbert Kaufman, The Forest Ranger: A Study in Administrative Behavior (Baltimore: Johns Hopkins Press, 1960).
30. Louisiana, Acts of the Legislature, 1972. Act No. 235.
31. Louisiana, Executive Budget, fiscal year 1973-74.
32. Louisiana, Acts of the Legislature, 1974. Act No. 294.
33. The coining of this acronym has been attributed to Baton Rouge representative Kevin Reilly who is chairman of the House Appropriations Committee.
34. Public Affairs Research Council, Louisiana's State Health Program, pp. 34, 135-136. See also Elizabeth Wisner, Public Welfare Administration in Louisiana

(Chicago: The University of Chicago Press, 1930) and Donald V. Wilson, Public Social Services in Louisiana (Issued by the Louisiana Conference of Social Welfare, 1943).

35. Louisiana, Acts of the Legislature, 1972. Act No. 235.
36. New Orleans States-Item, 12 May 1972, p. 5.
In an interview with this writer, Dr. Mary said that shortly after the 1972 general election Governor Edwards asked him what could be done to improve the state's health and welfare system. Dr. Mary said that over dinner with some friends, he drew up a consolidation plan (similar to the one the governor eventually proposed) on a dinner napkin.
37. See pages 122-124 of this study.
38. New Orleans Times-Picayune, 21 July 1973, sec 4, p. 28.
39. New Orleans Times-Picayune, 24 July 1973, sec. 1, p. 2.
40. New Orleans Times-Picayune, 31 July 1973, sec. 1, p. 1.
41. New Orleans Times-Picayune, 14 December 1973, sec. 1, pp. 1, 8.
42. New Orleans Times-Picayune, 1 November 1973, sec. 1, p. 22; 2 November 1973, sec. 1, pp. 1, 16; and 6 March 1974, sec. 1, pp. 1, 17.
43. New Orleans Times-Picayune, 5 October 1973, sec. 1, pp. 1, 2. Dr. Mary still maintains that there was no personality clash between himself and Dr. Beasley. Dr. Mary told this writer that he never intended to take over the Family Health Foundation's family planning program. According to Dr. Mary, he became involved only after federal auditors pointed out the discrepancies in the Family Health Foundation's accounts. Mary contends that he was only acting in the best interests of the state to assure that both federal and state money were being spent properly. Dr. Mary also contends that the real losers in the squabble over the Family Health Foundation were the poor people who were supposed to have been helped by the family planning program.

44. New Orleans Times-Picayune, 14 December, sec. 1, p. 8.
45. New Orleans Times-Picayune, 5 April 1974, sec. 1, p. 1.
46. New Orleans Times-Picayune, 12 March 1974, sec. 4, p. 4.
47. Louisiana, Executive Budget, fiscal years 1974-75 through 1977-78.
48. New Orleans Times-Picayune, 24 March 1976, sec. 1, p. 3; 27 March 1976, sec. 1, p. 5; 24 June 1976, sec. 1, p. 24; 30 September 1976, sec. 1, p. 3; and 3 October 1976, sec. 1, p. 24. See also Baton Rouge State Times, 5 March 1976, sec. B, p. 5; and Baton Rouge Morning Advocate, 24 March 1976, sec. B, p. 1; and 27 March 1976, sec. B, p. 1.
49. The relationship between Governor Edwards and his commissioner of administration, Charles Roemer, is unique. Roemer functions much like the chief administrative officer (CAO) does for the mayor of a large city. But, unlike a CAO, Mr. Roemer is not totally dependent upon the governor. Roemer has described their relationship in this way:

We have a unique relationship that we have to work at maintaining. It is symbiotic, not parasitic - we feed on each other.

(Baton Rouge State Times, 8 March 1976.)

This independence stems in part from the 1972 gubernatorial election when Roemer and his family backed the Edwards campaign with their own money. Roemer says flatly that he would not have taken the job as commissioner of administration if Governor Edwards had not given him enough authority. Roemer describes his power in state government as "an autonomous extension of the authority" of the governor. (Baton Rouge State Times, 8 March 1976.) Moreover, this independence has been demonstrated by Roemer's endorsements of political candidates who have run (and also won) against candidates endorsed by the governor.

In terms of temperament and previous work experience, Charles Roemer is also well suited to Governor Edwards' style of management. Roemer operated a computer firm before entering government service.

Roemer described his job as that of a "doctor for firms suffering from poor management." (Baton Rouge State Times, 8 March 1976.) Since Governor Edwards would rather not be bothered by the details of running state government, he has been content to let Roemer "steal the show, run the show, or to have the show." (Baton Rouge Morning Advocate, 22 May 1977, sec. A, p. 12.) As a result, Charles Roemer has become (with the governor's knowledge) involved in departmental affairs to a degree unseen in recent Louisiana history. And, when Roemer involves himself in a particular department, one can be assured that his involvement has the full support of the governor. (See also New Orleans Times-Picayune, 28 March 1976, sec. 1, p. 30.)

50. New Orleans Times-Picayune, 6 October 1974, sec. 1, pp. 1, 20.
51. New Orleans Times-Picayune, 9 October 1974, sec. 1, p. 1.
52. New Orleans Times-Picayune, 30 January 1977, sec. 9, p. 4.
53. See this study, pages 155ff.
54. This has had the effect of lessening the open conflict between Dr. Stewart and Governor Edwards. During the Family Health Foundation controversy, Governor Edwards became personally involved in the dispute between Dr. Mary, the first LHSRSA commissioner, and Dr. Joseph Beasley, the head of the Family Health Foundation. Edwards made public statements concerning whether there was or was not professional jealousy between Mary and Beasley, and the governor also publicly stated that his commissioner was wrong in trying to cancel the contract of the foundation. The governor, however, received much negative publicity for his involvement in the controversy. Since that time, Edwards has refrained from any public statements regarding disagreements between Mr. Roemer and the second LHSRSA commissioner, Dr. William Stewart.
55. James W. Davis, Jr., The National Executive Branch, pp. 208-209.
56. For an account of how the reorganization struggle can continue even after the reorganization officially goes into effect, see Francis Rourke's article in

the Journal of Politics, pp. 461-478.

57. Louisiana, Acts of the Legislature, 1972. Act No. 235.
58. Public Affairs Research Council, Louisiana's State Health Program, p. 137.
59. New Orleans Times-Picayune, 2 May 1974, sec. 1, p. 8.
60. New Orleans Times-Picayune, 29 May 1974, sec. 3. p. 2.
61. The medical schools did not take over New Orleans Charity Hospital; however the LSU Medical School in Shreveport did eventually take over Confederate Memorial Medical Center. The Louisiana Legislature approved the transfer in 1976. See Louisiana, Acts of the Legislature, 1976. Act No. 470.
62. New Orleans Times-Picayune, 15 February 1975, sec. 1, p. 4.
63. New Orleans Times-Picayune, 20 January 1973, sec. 1, p. 16.

C H A P T E R I V
THE POLITICAL-ADMINISTRATIVE ENVIRONMENT AND
THE HEALTH-WELFARE REORGANIZATION

Introduction

As indicated in Chapter I of this case study, administrative agencies often oppose change simply because they are uncertain how it will affect them.¹ In the case of a large-scale consolidation, the affected agencies are afraid that consolidation will result in the erection of barriers between themselves and the other political actors in the system. They believe that consolidation will force them to establish a whole new set of relationships with the political actors in their environment.

In spite of these oft-expressed fears, consolidation at the state level does take place. But the question remains: Does reorganization produce the results feared by administrative agencies? While the literature on this particular aspect of the reorganization issue is sparse, it suggests that the results are not nearly as detrimental as those envisioned by the administrative agencies. Francis Rourke's case study of the consolidation of the federal employment security program demonstrates that existing

patterns of administrative communications can be carried on despite a formal change on the organization chart.² This would tend to suggest that agencies probably do not have as much to fear from reorganization as they suspect. However, for those proposing reorganizations or any other major changes in organizational behavior, Rourke's findings underscore the pitfalls that can arise during the implementation stage. Lest any reorganization proponent think his job over once a legislature approves a reorganization bill, the Rourke case study clearly shows that it is in the implementation process where the success or failure of the reorganization's goals is determined.

The purpose of the present chapter is to examine what effect the 1973 reorganization has had on the political-administrative relationships in Louisiana. What is the relationship between the umbrella department and the other political actors in the state? Has this changed greatly from the previous situation when the fifty-nine separate agencies, boards and commissions were interacting with the political-administrative environment?

Governor Edwards, the Commissioner
of Administration and LHSRSA

It is evident to anyone familiar with Louisiana government that Governor Edwards and his commissioner of

administration are deeply involved in the operation of the umbrella department. The question is whether this is the result of the recent reorganization or the result of some other factors. In searching for an answer to this question, it will be necessary to look briefly at recent Louisiana politics. However, before doing so, it might be helpful to reexamine the role of the governor with respect to the state bureaucracy.

The greatly expanded state bureaucracy with all of its complex programs and problems has tended to focus public attention on the governor's role as manager of state government. A 1966 study by Thomas Anton drew a gloomy picture of the governor as a political novice with no prior administrative experience and with no specialized knowledge of complex policy issues.³ It is interesting to note that Anton found the governor (Anton's study focused specifically on the Illinois governor) keenly aware of his own shortcomings in dealing with the bureaucracy. Anton noted that the governor tends to concentrate his political resources on a particular agency or policy area (either as a result of personal interest in the policy area or in response to what the governor and his staff perceive to be a public crisis). Despite the governor's attempts to initiate change, he has little effect on the administrative system. Anton concluded that the governor's change efforts are actually more

symbolic than substantive. According to Anton, the real meaning of the governor's change proposals is to demonstrate to the system that it cannot get along without him.

A more recent study by Martha Weinberg confirms many of Anton's observations.⁴ Weinberg's study covers the administration of Massachusetts governor Francis Sargent (1969-1974). She concentrates on Governor Sargent's relationships with four state agencies: the Department of Public Welfare, the Department of Public Works, the Massachusetts Housing Finance Agency, and the Department of Mental Health.

When Francis Sargent became governor in 1969, he did not fit the Anton stereotype: no administrative experience and no knowledge of detailed, technical matters. On the contrary, Sargent seemed the ideal "manager" type. He had served as the head of two state agencies: the Department of Public Works and the Department of Natural Resources. He had also served as the lieutenant-governor under Governor John Volpe. With such an extensive administrative background, one might have guessed that Sargent would be very interested in administrative matters. This was not the case however.

Governor Sargent did not consider himself the typical manager attending to the day-to-day governmental problems. He described his own approach to management as that of "managing crises." He preferred to remain apart from

administrative matters until he or his staff perceived a crisis. At that point, Sargent would become involved, sorting through the opposing positions and choosing what he thought to be the best solution to the problem. It is interesting to note that Sargent was not a policy initiator. Given his background, one might have expected him to take an active role in the policy initiation process. Such was not Sargent's style! In fact, Weinberg suggests that his ability to remain divorced from policy advocacy probably made it easier for him to play the role of mediator in times of crises.⁵

Finally, Weinberg's study is important because she points out that not only are there different styles of gubernatorial management, but there are also different situations which require a particular style. For instance, an "advocate governor" is required when there is a need to place particular items on the public agenda. In that event, the public needs to elect someone who will take the lead in advocating a certain policy. Sometimes, there is need for a person who "is good at identifying and encouraging the development of technocratic or bureaucratic issues and who is willing to give them a prominent place on his agenda."⁶ At other times, there is a need for a person who is capable of responding quickly to changes in public opinion. Weinberg concludes that the role of the public is to "recognize that the im-

portant question to ask about a governor is not 'How good is he at management?' but instead, 'What kind of management needs to be done and what kind of elected manager does this call for?'"⁷

As indicated previously, Governor Edwards and his commissioner of administration have shown a great deal of attention to the new health-welfare department. To those familiar with recent Louisiana politics, this involvement may not at first seem unusual. Part of the legacy left by Huey Long and his followers was a type of rural liberalism which advocated high governmental expenditures for the benefit of the needy poor.⁸ With these increased expenditures, the Longs built a statewide system of public hospitals (setting very lenient eligibility standards for free hospital care), established a contract bed program whereby medical services for the needy could be purchased from private hospitals, established a state dental program, provided free ambulance service, and established a lenient old age assistance program.⁹

The costs of these programs were high. In fiscal 1948-49, Governor Earl K. Long allocated 30.9% of the state's budget to health and welfare programs.¹⁰ By fiscal 1972-73, the percentage allocated to health and welfare was 26.4%, but the actual dollar figure was \$522 million.¹¹ This made health-welfare the second most

expensive program next to public education. During the 1972-73 period, the state spent almost \$729 million for all levels of public education.¹²

In spite of these high costs, few politicians have attacked the Long programs. Like the New Deal programs of Franklin Roosevelt, the Long social-welfare programs have become firmly entrenched as legitimate public programs for state government. For a Louisiana politician to attack them would amount to political suicide. Therefore, most politicians feel it is safer to proclaim their support for the programs. In the case of the anti-Long candidate Sam Jones, he not only affirmed his support for the Long programs, but he also promised to increase their benefits.¹³

It would be naive to suggest that the Longs supported social-welfare programs solely out of a humanistic commitment. The truth is that these programs were an important instrument in their ability to maintain control over state government. It was common practice for the Long faction to increase old age pension benefits during an election year. Furthermore, hospital directors were routinely chosen on the basis of their political loyalty to the Longs. In 1948, Earl Long asked the state legislature to create boards for each of the state's hospitals. His purpose was solely to increase the patronage power of the governor.¹⁴

Still another factor which may partially explain the Louisiana governor's interest in health and welfare matters may be traced to the historical weakness of local government in this state. State government in Louisiana has assumed many of the functions usually provided by local governments in other states. In his study of state spending, Ira Sharkansky discovered that this situation is not unique to Louisiana. He found that most low income states tend to rely on state collected revenues to finance many public services (including health and welfare services). Since local governments in these states do not have the economic resources to support even a minimum level of public services, the pattern has been for local officials to look to state government to finance a great percentage of public services.¹⁵ Because of the governor's dominance over Louisiana government, the tendency in this state has been for local officials to appeal directly to the governor.

Thus, one could conclude with some justification that it is "normal" for Louisiana governors to become involved in health-welfare matters. The problem with this conclusion, though, is that Governor Edwards has been much more involved in this policy area than any of his recent predecessors. It is possible that his interest is solely the result of the 1973 reorganization; however, it is also conceivable that other factors may be responsible.

The first factor has to do with the political importance of the black vote in recent Louisiana elections. As already noted in this paper, the black vote has become an important consideration for any candidate desiring to put together a winning coalition.¹⁶ It is quite possible that Edwin Edwards' intense interest in health-welfare matters stems from his desire to appeal to black voters. On the other hand, a case could also be made that it was the governor's personal background which accounts for his interest in health-welfare matters.

Governor Edwards is from a relatively poor, rural parish. Having grown up in such surroundings, it might have been expected that Edwards would have had some first hand contact with the state's health-welfare system. This fact was confirmed during the 1971-72 electoral campaign when Edwards related the story of his first encounter with the state's charity hospital system. As Edwards tells it: as a young boy, Edwards needed medical treatment which he could not receive in his home parish. Therefore, Edwards was sent by bus (a free service provided rural residents in the state) to Charity Hospital in New Orleans where he received the treatment he needed. Edwards would conclude this anecdote by stressing that this personal experience had left him with a deep commitment to the continuation of quality health and welfare services provided by the state.¹⁷

While all of these factors (personal, political and historical) explain part of the reason for the governor's interest in health and welfare matters, they do not explain his, and Commissioner Roemer's, constant involvement in the day-to-day affairs of the department. The only explanation seems to be that the administrative and political problems arising from the reorganization have forced Edwards and Roemer to maintain a close supervision of LHSRSA. This involvement is made even more significant in view of the fact that Governor Edwards is not known to be good at or particularly fond of management. Indeed, it has often been said by political observers in the state that Edwards is more suited to developing ideas than he is to implementing them. To the governor's credit, he has surrounded himself with the management types who can implement his ideas.

Commissioner of Administration Charles Roemer is the prime example of this. He has often been used by the governor as a troubleshooter. For example, it was Mr. Roemer who was sent by the governor to clear up the problems with the New Orleans Superdome. That stadium was wracked by political scandal and mismanagement even before its official opening. Not wanting to interfere with local politicians who were awarding stadium contracts on the basis of personal friendship and political loyalty, the governor allowed this to continue until it ap-

peared that the state's reputation and financial status were in jeopardy. At that point, the governor assigned Charles Roemer the task of putting the huge stadium complex in order. Roemer responded by bringing in his own management people from the Division of Administration. While Roemer never completely solved all of the stadium's financial and management problems, he did at least bring them under control. Eventually, at Roemer's suggestion, the operation of the stadium was turned over to a professional management firm.¹⁸

Roemer has played much the same role for the governor with respect to the problems of the umbrella department. It was Roemer who was assigned the task of finding out what was going on at Charity Hospital in New Orleans. The result was that the hospital's management was substantially improved. Eventually, the hospital also won back its accreditation. However, if anyone got in Roemer's way (as did Charity Hospital's director), he was forced out.¹⁹

With each new crisis, the governor's and Mr. Roemer's involvement in LHSRSA's activities has increased. The governor and Mr. Roemer were drawn into the Family Health Foundation controversy, the problems with the state welfare program, the controversy surrounding the signing of the affiliation agreement between Charity Hospital and the two medical schools, and the problems with the state's program for treating emotionally disturbed and mentally

retarded children.²⁰ In the long run, this involvement has probably been greater than LHSRSA's commissioners would have liked. However, it must be recognized how much is at stake politically. The department is the largest in state government, has the second highest budget, and operates many controversial programs. The governor first involved himself when he proposed the consolidation of the state's health and welfare agencies. He has been forced to continue his involvement because one crisis after another in the department has demanded his and Roemer's attention. The fact is that not all of the problems in LHSRSA are major ones. Certainly, drug thefts in hospitals are quite common and ordinarily are not important enough to warrant media and legislative attention. But, when those problems occur within one of LHSRSA's divisions (e.g., the drug thefts at Charity Hospital), they seem to take on new proportions. The chances are that if the same problems occurred in smaller, less controversial departments, not very much attention would be drawn to them.

There have been many positive benefits to come out of the governor's involvement in the umbrella department. The governor has publicly committed himself to the success of the reorganization. This means that he must support LHSRSA's commissioners, its policies, and its budget requests. If he does not provide the department

with enough support and the reorganization subsequently fails, his critics will surely point to this as the reason.

Nowhere is the governor's support more evident or more important than in his recommendations for LHSRSA's Division of Management. Past reorganizations in other states have shown that if a large consolidated department does not develop adequate management tools for the department head, then there is little likelihood that the consolidation attempt will succeed.²¹ For this reason, all of the commissioners of LHSRSA have supported the growth of the management division. And, as Tables 2 and 3 indicate, Governor Edwards has also consistently supported the growth of the division. While not acceding to all of the commissioners' requests, he has granted significant budget and personnel increases for the division. On average, Governor Edwards has granted 81.2% of the department's requests for appropriations and 85.8% of the department's request for personnel.

Governor Edwards' support becomes even more significant when measured against the record of other governors. The most publicized recent reorganization occurred in Georgia when Jimmy Carter was governor. The most telling criticism of the Carter reorganization is that he failed to support management functions in the newly created

TABLE 2

APPROPRIATIONS FOR THE DIVISION OF MANAGEMENT
(ADMINISTRATIVE SERVICES ONLY)*

Fiscal Year	Agency Requests	Governor's Recommendations
1973-74	\$ 2,281,041	\$ 1,823,287
1974-75	\$ 2,289,065	\$ 2,238,249
1975-76	\$ 5,994,675	\$ 4,490,599
1976-77	\$17,145,729	\$12,381,012
1977-78	\$17,042,671	\$15,066,190
1978-79	\$22,556,232	\$16,733,532

SOURCE: Louisiana, Executive Budget. Fiscal years 1973-74 through 1978-79.

*The Division of Management has periodically been a catch-all for some programs that technically do not belong in a management unit. Such a program was the family planning program. After the state took over the operation of the program from the defunct Family Health Foundation, it was temporarily placed within the management division. In the belief that figures for such programs do not accurately reflect the governor's support for management functions, they have been omitted from Tables 2 and 3.

TABLE 3

PERSONNEL GRANTED THE DIVISION OF MANAGEMENT
(ADMINISTRATIVE SERVICES ONLY)*

Fiscal Year	Agency Requests	Governor's Recommendations
1973-74	114	110
1974-75	123	123
1975-76	354	224
1976-77	921	703
1977-78	862	820

TABLE 3-Continued

Fiscal Year	Agency Requests	Governor's Recommendations
1978-79	1039	865

SOURCE: Louisiana, Executive Budget. Fiscal years 1973-74 through 1978-79.

*See note for Table 2.

Department of Human Resources. At a 1974 conference sponsored by the American Society for Public Administration, James Parham (who was then deputy commissioner of the Georgia Department of Human Resources) pointed out that one of the major problems encountered by his department was Governor Carter's "arbitrary presumption of economy."²² Apparently in an attempt to show immediate economies resulting from his reorganization, Governor Carter reduced administrative support personnel by one hundred positions during the first year of the department's operation. Parham contended that it was virtually impossible to achieve real integration of the department after Carter made those cuts.²³ Governor Carter's actions were literally like "cutting off one's nose to spite his face." Carter was able to show the public some instant economies, but those economies may have jeopardized whatever real benefits might have come from the reorganization.

By comparison, Governor Edwards has demonstrated that he is willing to forgo the instant economies in favor of the slower integration process. It is not that Edwards does not want to achieve financial savings through reorganization. On the contrary, Edwards campaigned on the issue of reorganization, and he promised savings would result from his reorganization. After the health-welfare reorganization went into effect, the governor was able to hold a press conference to announce that reorganization had saved the state \$10 million in only six months of operation. Yet, if one looks closely at the data in Tables 2 and 3, it is clear that Governor Edwards has not tried to achieve financial savings at the expense of consolidation or of the programs operated by the department. He has, in fact, been very generous in granting the requests of the department for additional funds and personnel.

As indicated in the preceding discussion, the 1973 reorganization has altered the degree of involvement of the governor and the commissioner of administration in health-welfare matters. Since Huey Long's time, Louisiana governors have been strong supporters of health and welfare programs. As was seen, an important part of the Longs' political appeal was their support for increased expenditures for health and welfare services. Also, the Longs frequently used appointments to health-

welfare agencies to supplement their patronage power. It must be concluded, then, that the health-welfare system was accustomed to having the governor assume the lead in the formation of health and welfare policy.

Edwards has gone beyond this. He has involved himself, through his commissioner of administration, in the day-to-day management affairs of the umbrella department. What makes this so interesting is that Governor Edwards is not really the management type. To compensate for his lack of management ability, he has used his commissioner of administration as a troubleshooter for administrative problems. In some situations (such as the problems at Charity Hospital), the governor has assigned his commissioner to "take over" certain aspects of the department's operations. Obviously this has caused some friction since LHSRSA department officials have tended to see this as excessive outside interference. Despite these objections, it seems safe to conclude that LHSRSA and its divisions can continue to expect such close scrutiny as long as Edwin Edwards remains the governor. The interesting question is whether the next governor can pay this much attention to the department unless he too has a commissioner of administration like Charles Roemer. One suspects that the answer will be no!

The Legislature and the Umbrella Department

Based on past experiences, the new umbrella department's officials could have expected little involvement with the legislature. In a state where the governor has historically dominated the legislature, this is not a difficult conclusion to reach. Louisiana legislatures have generally followed the governor's lead. They pass the legislation he wants, and they approve the budgets he submits. On an individual basis, some legislators have become very involved in specific policy areas. For instance, it is customary for legislators to push the interests of the state hospitals located in their districts. Legislators have wanted to assure that their local state hospitals receive adequate funding and that the governor appoints "the right persons" to the hospital's advisory board.

This situation is slowly changing as the legislature attempts to assert its independence from the governor. Reflective of this trend is the creation of a legislative fiscal office. In late 1974, the legislature appointed a fiscal officer to advise it on revenue and budget matters.²⁴ Since the fiscal officer's appointment, he has become an important element in the legislature's dealings with the governor and the executive branch. He has been at odds with Governor Edwards and Commissioner

Roemer almost since his appointment. He has disputed revenue estimates submitted by the Division of Administration, he has challenged Roemer's approval of agency deficit spending, and he has been very critical of what he alleges to be the bloated budget requests of most state agencies. While the legislature still has a long way to go before it can accurately proclaim its independence from the governor, the appointment of the legislative fiscal officer constitutes a step in that direction.

It must be acknowledged that the umbrella department represents a highly visible target. LHSRSA is the single largest agency in state government. Its budget for the fiscal year 1977-78 was over \$900 million, and it employed approximately 27,000 people.²⁵ The state does spend more on the total education budget, but that budget is divided among several independent agencies.²⁶ Therefore, it would seem reasonable to expect that if there are any stirrings of legislative independence, then they would probably be apparent in the legislature's relationship with LHSRSA.

Looking at this relationship over the past five years, the pattern seems to be for the legislature to stress the "mismanagement" in the umbrella department. For example, the legislature criticized Dr. Mary for Charity Hospital's practice of feeding expensive cuts of meat to the hospital's board members.²⁷ The legislature

has also been highly critical of the state's free dental care program.²⁸ That program is part of LHSRSA's Early and Periodic Screening and Diagnostic Treatment Program. As the name of the program implies, it tries to prevent illness before it occurs.

The goal of the dental program is to provide free dental care to needy children from birth to twenty-one years of age. The program incurred a \$4.7 million deficit (\$3.8 million in federal funds and \$836,000 in state funds) during the fiscal year 1974-75.²⁹ Legislators immediately attacked this program and the umbrella department. They charged that some dentists were "ripping off" the state, and they blamed LHSRSA for allowing this to happen. The deficit was embarrassing to LHSRSA and to the Division of Health Maintenance and Ambulatory Patient Services (the old Department of Health) which ran the program. The division was forced to admit publicly that it had no idea whether dentists were actually doing all of the work they were charging to the state. Later, the division made matters worse by revising its estimate of how much would be needed to cover the program's deficit. Instead of the original \$4.7 million, the division now calculated it would need only \$2.6 million (of which approximately \$327,000 would be required from state funds).³⁰ Many legislators, however, felt that if the division was wrong about the first estimate, then it could also be mistaken

about the revised estimate.

Legislative critics (including the new fiscal officer) pointed out that the basic problem with the program was that it was open-ended. It gave dentists authority to perform any work they felt was needed. Thus, one dentist even submitted a bill for working on thirty-eight teeth of one child! The division could not say whether or not any of the work was ever done.

It took several legislative appearances by the LHSRSA commissioner and officials from the Division of Health Maintenance and Ambulatory Patient Services, but the legislature finally approved the deficit spending for the program. Legislators had gotten the opportunity to question LHSRSA officials and departmental policy. The legislative fiscal officer emphasized that the division and LHSRSA would, in the future, have to monitor the dental program more closely. LHSRSA officials agreed to do this, and they came up with a plan to have all dentists obtain permission before undertaking any dental work on children. However, the bottom line was that the deficit spending was approved. The governor had wanted it, the commissioner of administration had appeared before the legislature in support of it, and LHSRSA had wanted it.

Although this is only one instance, it seems to reflect the type of relationship which is developing be-

tween the legislature and LHSRSA. The legislature will question, investigate, and create newspaper headlines, but at this stage in its development, the legislature does not appear capable of doing much more than this. Therefore, for LHSRSA, the legislature remains a secondary consideration in its political-administrative relationships.

Interest Groups, Clientele and LHSRSA

The most important interest group in health and welfare matters has always been the medical profession and the two medical schools in the state. The reorganization has not changed this. If one examines the 1973 reorganization closely, it is possible to see that the dominance of the medical profession was assured from the start. Although the legislation did not specify that the health-welfare commissioner must be a doctor, the first three LHSRSA commissioners have been medical doctors. More importantly, those commissioners have also been products of the same environment - the Tulane-LSU medical complex. Commissioner Mary had been director of Charity Hospital before his appointment, and Commissioner William Stewart was chancellor of LSU medical school before his appointment. After Dr. Stewart's resignation, there was some suggestion that a professional administrator (the implication was that he would also be from outside the state) should be hired to run the department. Instead,

Dr. William Cherry, A Tulane medical school graduate with previous experience in the U.S. Public Health Service, was chosen to head the huge umbrella department.

The legislation creating the umbrella department called for the appointment of a fifteen member advisory board.³² It specified that at least five of the members of the advisory board had to be medical doctors, but it made no provision for representation by recipients of public welfare or health services. Consequently, since its inception, the LHSRSA advisory board has been dominated by the medical profession. The first advisory board had five medical doctors, two dentists, and one associate professor from the Tulane medical school.

The influence of the medical profession in the umbrella department may have had something to do with the maintenance of the state's public hospital program. At a time when other states are phasing out their public hospitals, Louisiana still maintains this expensive system. Since Tulane and LSU train their students at Charity Hospital in New Orleans (as well as the other state public hospitals), they have a definite stake in continuing the system whatever the costs to the state. As noted earlier, it was Tulane and LSU that pushed for the formal affiliation agreement with Charity Hospital. And, it was the ex-chancellor of LSU medical school, Dr. William Stewart, who forced his Charity Hospital director to sign

the agreement. In 1976, the LSU medical school branch in Shreveport took over the entire operation of the state's second largest public hospital, Confederate Memorial Medical Center.³³ Thus, it is obvious that the medical profession in Louisiana considers the continued operation of public hospitals financed by the state government to be in its own best interests. Those hospitals provide the training ground for virtually all of the state's doctors, and the state's two medical schools (and most doctors in Louisiana are graduates of either of these schools) have finally formalized this association through the affiliation agreement.

What all of this indicates is that LHSRSA is likely to find it easier to deal with the Tulane-LSU medical complex than with other professions in the department or with other interest groups outside the medical field. While this situation has not caused much dissension within the department, there is a good possibility that it could develop. Frederick Mosher, in his book Democracy and the Public Service, speculates that:

...the most explosive situations in professionalized public agencies arise between those in different professions (or segments) and in different personnel systems who are approximately equal in level of responsibility and pay, but where one is "more elite" than the other.³⁴

Each profession brings to the organization its own particular view of the world and the agency's role in it.

When those professions are combined together under one department, the result can be dissension over policy or over relations with clients.

A close examination of the relations between LHSRSA and its clients reveals the tensions that exist because of the dominance of the medical profession in the department. The legislation creating LHSRSA did not specify any official role for clientele of the department. There was no provision that a certain number of the advisory board members be recipients of public assistance or users of the other services offered by the department. This should not be surprising in view of the fact that it was the medical profession which was most influential in drawing up the consolidation plan.³⁵ The traditional doctor-patient relationship is one where the doctor is assumed to know the best treatment to provide the patient. The patient is expected to follow this treatment or seek the services of another doctor.

The problem for LHSRSA and its doctor/commissioners is that the traditional doctor-patient relationship is precisely what the department does not need. Clients of public assistance and health services have become more demanding. They want more services, better services, and more convenient delivery of those services. They also are demanding a greater role in decision-making for the department. They want representation on all departmental

advisory boards, and they expect their opinions to be considered. When their views do not receive prompt response from departmental officials, the clients can be expected to take more drastic action. This happened when parents of retarded and emotionally disturbed children did not receive what they perceived to be fair treatment by the health-welfare department and the state of Louisiana. Those parents brought suit in federal court in order to force the state to remove Louisiana children from sub-standard Texas institutions. The court eventually sided with the parents and ordered the state to bring those children back to Louisiana (where they were to be placed in licensed facilities). Under court order, the state drew up a plan and began implementing it in 1976.³⁶

In the final analysis, although the department is classified as a health and human resources agency, it tends to emphasize the "health" aspect more than any other. Welfare recipients do not have ready access to the commissioner's office. Moreover, this situation can be expected to continue as long as the medical profession dominates the department. The future may also bring more client/department conflicts. The likelihood is that, as Mosher predicts, conflicts will also arise among the different professions within the department. In that event, it should be interesting to see whether the medical profession is able to retain control over the department.

Conclusions

The findings of this chapter show that there have been some changes in the political-administrative relationships. However, it is interesting to note that most of these changes appear to be the consequences of other factors in the political environment.

Two of the changes have occurred in the relationships between the consolidated department and the legislature and clientele groups. Since the consolidated department was created, the state legislature has established the position of legislative fiscal officer. His function is to advise the legislature on fiscal and policy matters. Although the position is still developing, it is already possible to see a greater tendency for the legislature to question bureaucratic actions. Another change has come about in the views of the health-welfare clients. They are growing in their insistency and in their vocal demands on state government. One example which illustrates this is the federal suit initiated by the parents of exceptional children. This ability of clients to get redress from outside sources (principally in the courts) has meant a changed relationship between the umbrella department and its clientele. Clients are no longer content to be passive recipients of the department's services. They now want an active role in deter-

mining the policy that affects them.

However, the most visible of the changes has been in the management style of the governor. It has been the custom since Huey Long's time for Louisiana governors to be actively concerned with health and welfare policy. Edwin Edwards has gone beyond this. Even though he took office with no prior administrative experience, Edwards has developed a very effective management style. What the governor has done is to broaden the role of the commissioner of administration, giving him almost carte blanche authority to interfere in any administrative matter he deems necessary. Since his appointment to the position, Charles Roemer has used his authority extensively. Sometimes he has interfered at the specific request of the governor, but, quite often, he has done so on his own initiative.

With respect to the umbrella department, both the governor and the commissioner of administration have found it necessary to involve themselves in the department's problems. As this study has shown, the new department has experienced numerous problems organizing and operating the programs under its control. To the extent that reorganization has brought about these problems, one might then conclude that it is the reorganization that has caused the greater degree of involvement from the governor and the commissioner of administration. Given the political

stake Governor Edwards has in achieving a successful reorganization, it is understandable that he may have felt compelled to devote more of his time to the problems encountered by the health-welfare department.

In the final analysis, it must be said that reorganization was not quite the trauma that some people expected. The Louisiana reorganization case demonstrates that the nature of a state's political-administrative environment is constantly changing. Ironically, there probably would have been changes in political and administrative relationships even if there had been no reorganization in 1973. The changing political environment in Louisiana would have forced the separate health and welfare agencies to alter their relationships with other political actors in the state.

Notes for Chapter IV

1. See pages 19-23 of this study.
2. Rourke, pp. 461-478.
3. Anton, The Politics of State Expenditures, pp. 117-118.
4. Weinberg.
5. Ibid., p. 45.
6. Ibid., p. 226.
7. Ibid.
8. Sindler, pp. 261-265.
9. Ibid., p. 262.
10. Louisiana, State Budget, fiscal years 1948-49 and 1949-50.
11. Louisiana, Executive Budget, fiscal year 1972-73.
12. Ibid.
13. Sindler, p. 141.
14. Ibid., p. 211.
15. Sharkansky, The Maligned States.
16. See pages 72-73 and 77-78 of this study.
17. When questioned in an interview about Governor Edwards' claim that he had received treatment at Charity Hospital, former LHSRSA Commissioner Charles Mary indicated to this writer that records at Charity did not verify the governor's claim. But, whether or not the governor's claim is true, it does appear that Edwards has learned to use his rural background to good political advantage as did the Longs before him. During the 1971 gubernatorial campaign, the governor often contrasted his own poor, rural background with the middle class, urban background of Bennett Johnston, his chief rival. In one of their televised debates, Edwards managed to put Johnston on the defensive by remarking that Johnston belonged

to a country club. Edwards noted that the poor people in the state could not afford such a luxury. In fact, said Edwards, poor people could not even afford to play Johnston's favorite sport, tennis!

18. Baton Rouge State Times, 8 March 1976.
19. See pages 128-129 of this study.
20. See pages 121-130 of this study.
21. Carleton, p. 20. Also see Casselman, "Massachusetts Revisited," pp. 129-135. According to Casselman, the PMS system was to be the management tool of the new cabinet secretaries.
22. Parham, "Constraints in Implementing Services," in Human Services Integration: A Report of A Special Project, pp. 15-18.
23. Ibid., p. 16.
24. Louisiana, Acts of the Legislature, 1974. Act No. 427.
25. Louisiana, Executive Budget, fiscal year 1977-78.
26. Louisiana Legislative Council, The History and the Government of Louisiana, pp. 151-160.
27. See page 121 of this study.
28. New Orleans Times-Picayune, 1 April 1975, sec. 1, p.2.
29. New Orleans Times Picayune, 24 June 1975, sec. 1, p. 6.
30. Ibid.
31. New Orleans Times-Picayune, 1 April 1975, sec. 1, p. 2.
32. Louisiana, Acts of the Legislature, 1972. Act No. 235.
33. Louisiana, Acts of the Legislature, 1976. Act No. 470. The transfer of this hospital became effective October 1, 1976.
34. Frederick C. Mosher, Democracy and the Public Service (New York: Oxford University Press, 1968), p. 122.

35. Two of the most important supporters of the reorganization were Dr. Charles Mary, who was then the head of the Charity Hospital in New Orleans, and Dr. Ransom K. Vidrine, the State Health Officer.
36. New Orleans Times-Picayune, 27 March 1976, sec. 1, p. 5; and 24 June 1976, sec. 1, p. 24. Also see Baton Rouge Morning Advocate, 27 March 1976, sec. B, p. 1; and Baton Rouge State Times, 19 October 1976.

C H A P T E R V

THE EFFECTS OF THE 1973 REORGANIZATION ON THE OUTPUTS OF THE HEALTH-WELFARE SYSTEM

Introduction

The purpose of this chapter is to examine the substantive effectiveness of the 1973 Louisiana reorganization on state policy in the health-welfare area. According to Frederick Mosher, this involves judging a reorganization against the goals it was intended to accomplish.¹ Thus, if a reorganization was supposed to achieve financial savings for state government, then it would be judged by how much savings had actually resulted. Or, if the reorganization was supposed to improve services, then it would be judged by the type and the quality of the services it now offers to its clients. In the case of the 1973 Louisiana reorganization, any assessment of its impact would have to begin by focusing on these two goals since these were the most frequently mentioned goals during the reorganization debate.

The Effect of Reorganization on Total Spending

Looking first at the claim for huge economies, it is impossible to see where these have actually resulted.

As Table 4 shows, the budget for health-welfare has increased from \$520.5 million in fiscal 1972-73 to \$910 million in fiscal 1977-78. That represents a 74.7% increase during the first five years of the department's existence. Even after accounting for the effects of inflation, there is still a 17.6% increase in the department's budget (see Table 5). During that same period, the number of employees in the health-welfare department increased from 17,357 to 26,887 (a 54.9% increase).²

One possible area of savings for the state could be in federal funding. During the reorganization debate, the supporters of the reorganization suggested that a consolidated department would be able to attract additional federal funding. This, they said, would then free state revenues for other areas or would even permit a reduction in state taxes. But, here too the consolidation has not lived up to its expectations. Table 6 shows that total federal funds expressed as a percentage of LHSRSA's budget have decreased from 48.1% to 45.6% for the period from 1972-73 to 1977-78. Even using figures adjusted for inflation, there has still been a decrease in federal funds. From 1972-73 to 1977-78, federal funds as a percentage of total LHSRSA expenditures have decreased from 48.1% to 46.7% (see Table 7).

TABLE 4
EXPENDITURES FOR LHSRSA

Fiscal Year	Total Expenditures	State Share of Expenditures	Federal Share of Expenditures
1972-73*	\$520,585,805	\$270,070,939	\$250,514,866
1973-74	\$540,982,148	\$303,860,261	\$237,121,887
1974-75	\$580,530,351	\$341,620,574	\$238,909,777
1975-76	\$735,755,581	\$428,548,232	\$307,207,349
1976-77	\$845,970,514	\$446,218,878	\$399,751,636
1977-78	\$909,934,874	\$495,163,493	\$414,771,381

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

*These figures are for the entire year even though the reorganization did not go into effect until January 1, 1973.

TABLE 5

LHSRSA EXPENDITURES AFTER
ADJUSTING FOR INFLATION

Fiscal Year	Total Expenditures	State Share of Expenditures	Federal Share of Expenditures
1972-73*	\$520,585,805	\$270,070,939	\$250,514,866
1973-74	\$482,526,208	\$268,902,886	\$213,623,322
1974-75	\$471,328,149	\$275,500,463	\$195,827,686
1975-76	\$554,321,540	\$319,812,113	\$234,509,427
1976-77	\$597,465,326	\$309,874,221	\$287,591,105
1977-78	\$599,711,251	\$319,460,318	\$280,250,933

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

U.S. Congress. Joint Economic Committee. Economic Indicators, by the Council of Economic Advisers. Washington, D.C.: Government Printing Office, January, 1979.

*These figures are for the entire year even though the reorganization did not go into effect until January 1, 1973.

TABLE 6
COMPARISON OF FEDERAL AND STATE
EXPENDITURES AS PERCENT OF
TOTAL LHSRSA BUDGET

Fiscal Year	State Funds	Federal Funds
1972-73*	51.9%	48.1%
1973-74	56.2%	43.8%
1974-75	58.8%	41.2%
1975-76	58.2%	41.8%
1976-77	52.7%	47.3%
1977-78	54.4%	45.6%

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

*See note for Tables 4 and 5.

TABLE 7
COMPARISON OF FEDERAL AND STATE FUNDING TO LHSRSA
AFTER ADJUSTING FOR INFLATION

Fiscal Year	State Funds	Federal Funds
1972-73*	51.9%	48.1%
1973-74	55.7%	44.3%
1974-75	58.5%	41.5%
1975-76	57.5%	42.3%
1976-77	51.9%	48.1%
1977-78	53.3%	46.7%

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

U.S. Congress. Joint Economic Committee. Economic Indicators, by the Council of Economic Advisers.

TABLE 7-Continued

Washington, D.C.: Government Printing Office, January, 1979.

*See note for Tables 4 and 5.

While consolidation has not brought about the expected increases in federal funding, it is not possible to blame the loss of federal funding on the consolidation. On the contrary, the 1973 Louisiana reorganization came at a time when federal funds for categorical programs were declining. The percentage decrease in federal funds for Louisiana is probably a reflection of this phenomenon rather than the effect of the recent consolidation.³

Based on the available data, one must conclude that reorganization has not brought about huge savings either in terms of reduction of the total budget or in terms of additional federal funds which free state revenues for other program areas. Thus, once again it has been demonstrated that the savings claim for reorganization is not attainable unless state officials are willing to cut established programs. Since these are the programs that usually have the strongest support from clientele, interest groups, and agency employees, those program cuts are rarely made.

Louisiana is no exception. Throughout this study, it has been emphasized that there exists strong support among many groups for the continuation of health and welfare

programs. This pressure appears intense enough to assure continued expansion of the health-welfare budget even while the governor and the legislature are worrying about the decline in the state's severance tax revenues (the biggest revenue source for the state of Louisiana). Governor Edwards must have recognized this fact at an early point because he has always tempered his prediction of economies with the promise that services would not be cut. Also, despite the recent efforts of the legislature to use the umbrella department in its fight to gain independence from the governor, the legislature has not made any drastic cuts in the department's budget. It continues to threaten such cuts, but, so far, these threats have not been carried out.

The Effect of Reorganization on Established Programs

As Table 8 indicates, certain program areas seem to have benefited greatly from the reorganization. The Division of Management's budget has increased from \$3,922,258 in 1972-73 to \$18,361,876 in 1977-78 (an increase of 368%). However, these figures do not reflect only administrative services. When only administrative services are considered, the increase is from \$1,598,711 to \$18,361,876. That represents a 1048% increase. After adjusting for the effects of inflation, the increase is 641%, still a very

TABLE 8
COMPARISON OF BUDGET TOTALS
FOR DIVISIONS OF LHSRSA

Divisions	1972-73	1973-74	1974-75
Hosps. ^a	\$ 47,414,546	\$ 59,907,162	\$ 61,458,008
CHNO ^b	\$ 46,896,858	\$ 50,175,075	\$ 57,471,919
MH ^c	\$ 37,065,173	\$ 40,995,266	\$ 48,715,438
MR ^d	\$ 25,045,966	\$ 36,521,860	\$ 43,565,420
HS ^e	\$ 1,871,144	\$ 3,837,475	\$ 3,632,171
HM&APS ^f	\$ 18,690,153	\$ 21,986,204	\$ 31,135,806
IM ^g	\$339,679,707	\$322,871,002	\$313,872,221
Admin. ^h	\$ 3,922,258	\$ 11,148,104	\$ 20,679,368
YS ⁱ	\$ -0-	\$ -0-	\$ -0-
HR ^j	\$ -0-	\$ -0-	\$ -0-
Rehab. ^k	\$ -0-	\$ -0-	\$ -0-

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

Notes: ^aAbbreviation for Division of Hospitals. This total includes all functions for the division.

^bAbbreviation for Charity Hospital at New Orleans. This division increased its budget 81.4% from 1972-73 to 1977-78.

^cAbbreviation for the Division of Mental Health. It increased its budget 56.6%.

^dAbbreviation for the Division of Mental Retardation. It increased its budget 108.9%.

^eAbbreviation for the Division of Human Services. It experienced a 502% budget increase.

TABLE 8 - Continued

1975-76	1976-77	1977-78
\$ 70,477,466	\$ 61,368,760	\$ 69,018,580
\$ 69,429,145	\$ 76,069,863	\$ 85,067,675
\$ 49,247,698	\$ 54,162,584	\$ 58,059,265
\$ 56,868,096	\$ 44,117,750	\$ 52,178,176
\$ 5,401,332	\$ 7,952,798	\$ 11,263,556
\$ 33,860,489	\$ 51,351,392	\$ 51,802,825
\$413,760,652	\$477,847,346	\$508,856,569
\$ 27,003,421	\$ 15,618,167	\$ 18,361,876
\$ 9,707,282	\$ 11,035,313	\$ 6,339,170
\$ -0-	\$ 479,408	\$ 545,060
\$ -0-	\$ 45,967,133	\$ 48,442,792

^fAbbreviation for Division of Health Maintenance and Ambulatory Patient Services (later changed to the Division of Health). Its budget increased 177.2%.

^gAbbreviation for the Division of Income Maintenance (later changed to the Division of Family Services). Its budget increased 49.8%.

^hAbbreviation for the Division of Management.

ⁱAbbreviation for the Division of Youth Services.

^jAbbreviation for the Division of Human Relations.

^kAbbreviation for the Division of Rehabilitation Services.

significant increase for that division (see Table 9 for the inflation adjusted figures for all of the department's divisions). There does not appear to be any other explanation for this large increase except that reorganization has affected the division's budget. Given the nature of the division's work and its role in helping to integrate the various units of the department, one must conclude that the consolidation was primarily responsible for the increase in its budget.

Another division which has experienced a dramatic increase in its budget is Charity Hospital at New Orleans. Although not as dramatic as the increase for the Division of Management, Charity Hospital's increase is still significant. Table 8 shows an 81.4% increase for Charity Hospital, or a 17% increase in inflation adjusted dollars. The full impact of this increase cannot be realized until it is compared with the increase for the remainder of the state's general care public hospitals. For the same period, the percentage increase for the Division of Hospitals is only 45.6%; however, after adjusting for inflation, the figure is -6.1%, an actual decrease in the budget for the Division of Hospitals. In this particular case, there appears to be little doubt but that the reorganization is partly responsible for this significant difference in the budgets of these two divisions.

Veteran political observers in Louisiana have

TABLE 9

COMPARISON OF BUDGET TOTALS FOR LHSRSA DIVISIONS
USING INFLATION ADJUSTED FIGURES

Divisions	1972-73	1973-74	1974-75
Hosps.*	\$ 47,414,546	\$ 53,015,188	\$ 49,562,910
CHNO	\$ 46,896,858	\$ 44,402,721	\$ 46,348,322
MH	\$ 37,065,173	\$ 36,278,996	\$ 39,286,644
MR	\$ 25,045,966	\$ 32,320,230	\$ 35,133,403
HS	\$ 1,871,144	\$ 3,395,996	\$ 2,929,170
HM&APS	\$ 18,690,153	\$ 19,456,818	\$ 25,109,521
IM	\$339,679,707	\$285,726,550	\$253,122,759
Admin.	\$ 3,922,258	\$ 9,865,579	\$ 16,676,910
YS	\$ -0-	\$ -0-	\$ -0-
HR	\$ -0-	\$ -0-	\$ -0-
Rehab.	\$ -0-	\$ -0-	\$ -0-

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1977-78.

U.S. Congress. Joint Economic Committee. Economic Indicators, by the Council of Economic Advisers. Washington, D.C.: Government Printing Office, January, 1979.

*For key to abbreviations, see the notes for Table 8.

TABLE 9 - Continued

1975-76	1976-77	1977-78
\$ 52,595,124	\$ 42,617,194	\$ 44,528,116
\$ 51,812,795	\$ 52,826,294	\$ 54,882,371
\$ 36,752,013	\$ 37,612,906	\$ 37,457,590
\$ 42,438,878	\$ 30,637,326	\$ 33,663,339
\$ 4,030,845	\$ 5,522,776	\$ 7,266,810
\$ 25,269,022	\$ 35,660,689	\$ 33,421,177
\$308,776,606	\$331,838,435	\$328,294,561
\$ 20,151,807	\$ 10,845,949	\$ 11,846,372
\$ 7,244,240	\$ 7,663,412	\$ 4,089,787
\$ -0-	\$ 332,923	\$ 351,652
\$ -0-	\$ 31,921,620	\$ 31,253,414

long noted that Charity Hospital in New Orleans was treated like the state's stepchild when it came to appropriations. LHSRSA's first commissioner, Dr. Charles Mary, had been director of Charity Hospital prior to his appointment to the commissioner's post. He often noted that as Charity's director he had experienced frustration in getting the state to fund the hospital.⁴ When Charity briefly lost its accreditation in 1975, the reason most often cited was the long years of neglect by the state

government.

Why was Charity Hospital neglected for so long? The answer seems to be that Charity Hospital was too completely identified as a New Orleans institution. It was governed by its own board, and the State Department of Hospitals had no formal control over it. In past years, there has been a pronounced bias on the part of non-New Orleans legislators towards anything that might benefit the city. Since Charity primarily served the city's large black population, rural white legislators found even less reason to support its budget requests.

With the reorganization, however, Charity Hospital was brought under the control of the new umbrella department. No longer was its governing body located in New Orleans. Its problems now became part of the problems confronting the new department. Thus, the reorganization gave non-New Orleans legislators less reason to deny the hospital's budget requests. An additional factor accounting for the large increase can be attributed to the changing attitudes of state legislators. Because they now have large black constituencies in their own districts, they are much more inclined to vote increases for Charity Hospital. Some of their rural black constituents may end up receiving medical care at Charity. Thus, rural legislators now have a stake in seeing that Charity's services are maintained and improved. This may become

even more significant given the gradual phasing out of some of the smaller rural hospitals in the state.

With respect to the budget increases for other divisions, it is not clear whether these are the result of the reorganization. It seems likely that other factors are primarily responsible for some of the increases. For instance, the 108% increase for the Division of Mental Retardation (35.3% after adjusting for the effects of inflation) probably reflects the pressure that has been applied to state government since 1974. Operators of private residential treatment centers for the mentally retarded and emotionally disturbed children, parents' groups, and the media have pressured the state government to increase its capabilities for housing the state's emotionally disturbed and mentally retarded children. As noted, the state had been sending these children to out-of-state private institutions (mostly in Texas) and paying very high costs for their upkeep.⁵ After revelations showing that many of these institutions provided substandard care, parents forced the state to bring these children back to Louisiana. In order for the state to do this, it was first necessary to upgrade many of the state's residential treatment facilities already in operation. This accounts for some of the large increases in the Division of Mental Retardation's budget. It also accounts for the creation of one of the state's newest divisions - Rehabilitation

Services. The latter division was established in 1976 and is responsible for providing services to the mentally and physically handicapped. Included among the programs the division operates is the "Exceptional Children's Act." The purpose of this program is to provide financial assistance to the families of exceptional children for the cost of boarding and/or therapy in a private residential treatment facility when a state facility is not available. In 1977, over 2,000 children received services under the act.⁶

Two other divisions which have experienced great budget increases are the divisions of Health and Human Services. The Division of Health had a 177% increase (79% after adjusting for inflation), and the Division of Human Services had a 502% increase (288% after adjusting for inflation). However, in both cases the budget increases appear to be related to factors other than the recent reorganization. The most likely factor is the increase in the social services provided by the divisions. The Division of Human Services provides services primarily to the aged population of the state. Its services include adult day-care, homemaker services, and "meals on wheels." The Division of Health has expanded its social services in the area of family planning. After the state took over the family planning program from the defunct Family Health Foundation, the program was given to the Division of Health

to administer. Some of the division's budget increases can be accounted for by this program's addition. Moreover, the health division has also expanded its medical services, including the Early Periodic Screening, Diagnosis and Treatment Program.

Policy Changes Since Reorganization

A careful analysis of Tables 8 and 9 plus other data show that there has been a subtle shift in policy emphasis in the umbrella department. As indicated in previous chapters, the department has always had a bias in favor of providing hospital services.⁷ This is in large measure due to the orientation of the three successive commissioners as well as to the well-established nature of the state's public hospital system. With respect to the latter, Louisiana's persistence in such a policy goes counter to the trend in other parts of the country. In recent years, state and local governments have experienced decreasing bed occupancy rates in their public hospitals. Since the outset of the federal government's medical assistance program, patients have chosen to enter private facilities rather than state operated hospitals. Part of the reason for this may lie in the fact that in state operated hospitals, patients are not allowed to choose their own physicians. However, under the federal medical assistance program, the patient has

that choice.

Louisiana has also experienced this decline in patient population in its public hospitals. The average daily occupancy rate for all state general care public hospitals (excluding Charity Hospital in New Orleans) was 59.7% in fiscal 1964-65. Charity Hospital's occupancy rate for the same period was 76.2%.⁸ When these figures are added to the rising cost of medical care in the state hospitals, the picture is not promising. Data show that state hospital costs have risen from \$23.89 (average cost per unit of service) in 1964-65 to \$83.79 in 1973-74.⁹ That represents a 250% increase in ten years.

The problem in Louisiana is that the state's public hospital system is well-entrenched politically. The system is part of the legacy of Longism, and it is no accident that two of the hospitals bear the Long name in their title. With these political pressures and the orientation of the LHSRSA commissioners, change has come slowly to Louisiana. Yet, changes are apparent.

In fiscal 1957-58, the average daily patient population was 3,192, and the number of beds in use was 4616 (the occupancy rate was 69.2%).¹⁰ As Table 10 shows, the bed capacity of the state's public hospital system had dropped to 2666 by 1976. The cost of these beds was \$122.44. Table 11 gives the figures for all of the state hospitals except Charity Hospital. Significantly, it

TABLE 10
TRENDS IN OCCUPANCY FOR THE
STATE GENERAL HOSPITALS

Year	Average Daily Patients	Bed Capac- ity	% Occu- pancy	Average Cost Per Unit
1970	2,021	2,853	70.8	\$ n.a.
1971	2,224	3,255	68.3	\$ 67.60
1972	2,210	3,165	69.8	\$ 74.18
1973	2,364	3,361	70.3	\$ 77.17
1974	2,318	3,387	68.4	\$ 62.61
1975	1,812	2,608	69.5	\$108.21
1976	1,696	2,666	63.6	\$122.40
1977 ^a	1,747	2,674	65.3	\$130.32
1978 ^b	1,758	2,827	62.2	\$139.97

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1978-79.

^aEstimated figures for 1977.

^bFigures included in the governor's budget recommendations for fiscal year 1978-79.

TABLE 11
TRENDS IN OCCUPANCY FOR THE
STATE GENERAL HOSPITALS
(EXCLUDING CHARITY HOSPITAL)

Year	Average Daily Patients	Bed Capac- ity	% Occu- pancy
1970	669	1,105	60.5
1971	894	1,423	62.8
1972	927	1,455	63.7
1973	1,057	1,741	60.7
1974	1,031	1,745	59.1
1975	689	1,185	58.1

TABLE 11 - Continued

Year	Average Daily Patients	Bed Capac- ity	% Occu- pancy
1976	674	1,166	57.8
1977 ^a	705	1,174	60.1
1978 ^b	738	1,327	55.6

Source: Louisiana. Executive Budget. Fiscal years 1972-73 through 1978-79.

^aEstimated figures for 1977.

^bFigures included in the governor's budget recommendations for fiscal year 1978-79.

shows expected occupancy for 1978-79 at 55.6%. Thus, these figures confirm that the state's public hospital system is still losing patients. These figures also seem to suggest that the system may be "winding down" gradually. The recent increases in the budget for Charity Hospital may in fact reflect this trend. As the smaller state hospitals are being phased out, the largest ones will be improved. This improvement obviously does not include much expansion of bed capacity. Rather, it seems to be directed at improving the existing services offered by the hospitals. For instance, Charity Hospital has recently expanded its satellite clinic program. The concept of this program is to locate clinics on a city-wide basis so that patients do not have to come into center city to receive free medical

services. The satellite clinics are equipped to handle most minor medical services, but major services continue to be provided at Charity Hospital.

It should be noted that as the state phases out its hospital services, it has been increasing its services in the area of preventive care. An example of this is the Early and Periodic Screening, Diagnostic and Treatment Program offered by the Division of Health.

With respect to the effect of the reorganization on the outputs in the public assistance program, the picture is very confusing. In 1974, the Supplemental Security Income Program (SSI) went into effect across the country.¹¹ The new program provides for federal takeover of three categorical assistance programs: Old Age Assistance (OAA), Aid to the Needy Blind (ANB), and Aid to the Permanently and Totally Disabled (APTD). Under the new program, the federal government administers these three categories of assistance, and it also establishes national eligibility standards.¹²

With the elimination of OAA, ANB, and APTD, the state now administers only two categorical assistance programs: Aid to Families with Dependent Children (AFDC) and General Assistance (GA). One might expect that this development would see a decrease in the budget for the Division of Family Services (which administers the state's welfare program), and this, in fact, has happened if one

considers the figures adjusted for the effects of inflation. The actual percentage decrease for the Division of Family Services is -3.4%.

What has happened to the division's budget is that the amount budgeted for public assistance has decreased because of the SSI program. However, the amount budgeted for administrative services in the division has shown an increase.¹³ An examination of this increase reveals it to be in the social services now provided by the division. One of the fastest growing areas is the adult social services programs. In 1974, adult social services were funded at \$4.1 million in state and federal funds.¹⁴ Approximately 432 employees (including both clerical and professional workers) staffed the individual programs. It is interesting to note that there is considerable overlap between these social services and those offered by the Division of Human Services. Both divisions now have extensive social services for the elderly. Their programs include: home delivered meals, day-care centers and home-maker services. So far, there has been no attempt by the LHSRSA commissioner to eliminate this program duplication. In fact, the presence of the overlap is itself still more evidence of the continuing lack of integration in the department. If the commissioner really had complete control over his department, he would not have allowed these duplicating programs to develop.

Conclusions

In the final analysis, the 1973 health-welfare reorganization did not produce the financial savings predicted by its supporters. Data show that the budget for the health-welfare umbrella department has increased each year since the reorganization went into effect. The number of personnel employed by the department has also increased.

Contrary to the expectations of the proponents of the reorganization, there has been no great increase in federal funds allocated to the department. This does not necessarily indicate that the consolidation arrangement is not an appropriate organizational structure for attracting federal funds. It only reflects the fact that categorical programs have decreased since 1973 when the Louisiana reorganization went into effect. Thus, there are not as many federal programs for which the new department can apply.

As the data indicate, there have been several significant budget increases within the department. While it is not possible to say with certainty how much of these increases is due to the reorganization, there is some reason to believe that the increases for Charity Hospital and the Division of Management are related to the reorganization. The latter unit has been used by LHSRSA

commissioners in their effort to gain control over this large department. The consolidation of Charity Hospital under LHSRSA's umbrella seems to have removed from it the stigma of being "a New Orleans institution." Although there may be other factors relative to the increases for Charity, it seems apparent that some of the increase is a result of the new organizational arrangement.

It also appears that there has been a slight policy shift since the reorganization went into effect. Although the medical profession still seems firmly in control of the department, there has been a shift away from public hospital care. To a large extent, this simply reflects national trends in hospital services. However, since all of the state's public hospitals are now under one department, the state is in a much better position to coordinate the remaining hospital services offered by the department.

This chapter has also noted that there has been a steady decrease in the number of beds and the occupancy rate at most state operated public hospitals. Yet, the number of beds and the occupancy rate for Charity Hospital have remained somewhat stable. Charity Hospital's future seems assured because of its size, but another factor assuring Charity's continued existence is its role in the training of the state's doctors. The affiliation agreement between Charity Hospital and the two medical schools

seems to guarantee the continued existence of Charity even as the state closes other hospitals.

The other significant policy trend can be seen in the area of social services. Currently, several divisions of the umbrella department are involved in the provision of social services. These divisions include: Health, Family Services, Human Services and Rehabilitation Services. There is some overlap among these social services programs, and the prospect for the future may include serious management problems in this area as the overlapping and duplication grow worse.

Notes for Chapter V

1. Mosher, p. 512.
2. Louisiana, Executive Budget, fiscal year 1972-73. Much of the increase in departmental employees can be attributed to the Division of Management. Because of federal pressure to catch welfare fraud, many employees were added to audit the welfare accounts. Other employees were added to the division when the state took over the functions of the Family Health Foundation. Rather than fire the foundation's employees, the state decided to hire a large percentage of them to administer the family planning program.
3. See this study, pp. 27-30. See also Martha Derthick, Uncontrollable Spending for Social Services Grants. Washington, D.C.: The Brookings Institution, 1975.
4. New Orleans States-Item, 12 May 1972, p. 3.
5. See this study, pp. 169-170.
6. Louisiana, Executive Budget, fiscal year 1977-78.
7. See this study, pp. 168ff.
8. Public Affairs Research Council, Louisiana's State Health Program, p. 53.
9. Ibid., p. 52. See also Louisiana, Executive Budget, fiscal year 1973-74.
10. Louisiana's State Health Program, p. 54.
11. Social Security Amendments of 1972. Public Law 92-603 (October 30, 1972). Title III "Supplemental Security Income for the Aged, Blind, and Disabled." Also see Public Affairs Research Council, "The Impact of Federal Welfare Reform," PAR Analysis No. 202 (December, 1974); and R. Douglas Roederer, "State Public Assistance and Related Programs," The Book of the States, Volume 19, pp. 381-385.
12. Public Affairs Research Council, "The Impact of Federal Welfare Reform," p. 1.
13. Louisiana, Executive Budget, fiscal years 1974-75 through 1978-79.

14. Ibid., fiscal year 1974-75.

C H A P T E R VI
WHAT DID REORGANIZATION IN LOUISIANA
ACTUALLY ACCOMPLISH?

Like so many other state reorganizations, the Louisiana reorganization did not fulfill the great promises of its supporters. It did not result in huge financial savings for the state. On the contrary, as this chapter has shown, the state's health and welfare programs are costing the taxpayers more today than before the reorganization went into effect. Furthermore, reorganization has not helped the state accumulate larger amounts of federal aid funds. It had been speculated during the reorganization debate that a consolidated department would be in a better position to attract federal funds. Proponents of the reorganization argued that consolidation would provide a better utilization of available state funds to attract federal money. What had not been anticipated was that the federal government would greatly cut back on the number of its categorical grant programs. Thus, no matter what organizational arrangement the state had devised, there would still be fewer federal grants available in the health-welfare area.

With respect to the degree of integration achieved

by reorganization, the results are also less than were expected. Traditional reorganization literature suggests that reorganization will produce a department in which the basic operating units are totally integrated into the whole. One factor in achieving this objective is adequate management tools for the department head. Without these tools, the department head would be hard pressed to coordinate the activities of the units placed under his control. As already noted in this study, the commissioner of the Louisiana umbrella department has developed many of these management tools. Through the efforts of the second commissioner, Dr. William Stewart, the Division of Management has become an important force assisting the commissioner in trying to control his department.

Despite these advances in management functions, the job of integrating fully the programs and functions of the department remains unfinished. One of the more successful actions of the commissioner has been in the area of public hospitals. Under the 1973 reorganization, the Department of Hospitals and the huge Charity Hospital complex in New Orleans were combined under one department. In retrospect, this consolidation had important policy implications for the state. The national trend has been for public hospitals to be gradually phased out of operation, but Louisiana was committed to maintaining an expensive state operated system that was financed al-

most totally with state money. Since the 1973 reorganization went into effect, some policy changes have been evident. The smaller rural hospitals are slowly being phased out, and Charity Hospital has undergone a major overhaul in its buildings, its management, and its services. These changes were certainly long overdue. The state had allowed the huge hospital to deteriorate to the point where its accreditation was in jeopardy. The consolidation arrangement seemed to facilitate the state's coming to grips with the problems in its hospital system. Reorganization lessened the identity of Charity as a New Orleans institution and also eased the closing of hospital beds at smaller rural hospitals.

The role of the first three commissioners of the umbrella department in this policy change has been pivotal. Each of the commissioners has been a product of the Tulane-LSU medical complex. Given this background, it is not surprising that they have concentrated a good deal of their efforts on the problems of the hospital system. Their backgrounds probably also account for the relative ease with which the state's medical profession has accepted these changes.

One area where there has been much less success in integrating programs and policies is in the social services. Most of the increases in the social services programs have come only since 1973. Because of the new-

ness of the program area, one might have expected the umbrella department to achieve a more coordinated social services system. It has not done so, however. Social services programs are duplicated among several different divisions within the umbrella department.

This situation may be the result of the preoccupation of the department's commissioners with health problems. It may also be the result of the commissioners' medical backgrounds. One certainly has to wonder what would have happened if any or all of the department's commissioners had been professional administrators. Would that have made a difference? Would there have been better integration of the social services? Would a professional administrator have been better able to handle the numerous management problems that have arisen since 1973? Would a professional administrator have become embroiled in a public dispute with the governor?

On the other hand, one must also wonder whether the Tulane-LSU medical interests and the medical profession would have been as cooperative with the umbrella department if a professional administrator had been chosen to run the department. Would they have fought to exempt Charity and the other state hospitals from the reorganization?

Finally, there is the nagging question whether a large consolidation was actually warranted. Granted the

agencies consolidated in 1973 were in the general area of health and welfare, but is that adequate justification for their inclusion under one giant umbrella department? Is it possible that a department as large as the Louisiana health-welfare department is really too large for one person to control? Is it possible that full integration of the department's programs will always remain an unachievable goal?

The failure of the 1973 reorganization to live up to its high expectations illustrates the problem facing the state reorganization movement. That problem is that state reorganizations do not achieve all their proponents predict for them. Reorganization has not made state government more manageable; nor has reorganization improved state services. And, in spite of the predictions, state reorganization does not save money. In fact, just the opposite is true! Studies have shown that government expenditures actually increase after the adoption of a reorganization.

So who benefits from reorganization? Certainly the politicians who use reorganization as part of their election campaigns do benefit in the short run. But, who else benefits? Does it really make any difference whether reorganization occurs or not?

The answer to the last question is: Yes, reorganization does make a difference. Even though the Louisiana

reorganization fell short of its goals, one must acknowledge that there have been some benefits from it. One of those benefits has been in giving the state some needed reorganization experienced. As previously noted in this study, Louisiana's experience with administrative reorganization was limited and politically controversial. Thus, the 1973 reorganization gave the state a working knowledge of the problems encountered in restructuring the administrative system. This was especially useful after the new state constitution (1974) mandated reorganization of the entire state government. Rather than adopt a reorganization plan immediately, the state proceeded very cautiously. If the 1973 reorganization had taught anything, it was that implementation of a reorganization plan is just as important as formulating it.

In order to ensure the full implementation of the mandated reorganization plan, the legislature established a special reorganization committee. The latter was empowered to formulate a reorganization which would carry out the constitutional mandate. More importantly, the committee also had the power to monitor the implementation of the plan to ensure that economies would result. Using that authority, the reorganization committee held many meetings with the secretary-designates of the new departments. The secretaries were instructed to come in with plans for achieving budget and personnel cuts. Those who

failed to do so were informed that if they did not come up with better plans, the committee itself would draw up an implementation plan and submit it to the legislature for its approval. In most cases, the secretaries got the message and came into committee meetings with acceptable plans for achieving economies.

The 1973 reorganization plan also served as a catalyst for reevaluating health-welfare policy. Previously, health and welfare policy were principally the domain of the professional groups involved in providing the services, the governor, and some interested legislators. Once Governor Edwards proposed his plan, this placed health-welfare policy on the public agenda. Other interest groups, legislators, the news media, and recipients of services became involved in voicing their opinions about the adequacy or inadequacy of the state's health and welfare services. Thus, one byproduct of a reorganization may be its ability to shake things up - to cause more public discussion and perhaps even to stimulate policy change.

The prospect that reorganization can stimulate policy change is important to the governor. The literature on the modern state governor suggests that the governor is often placed in the position of responding to bureaucratic actions. However, proposing a reorganization offers him the opportunity to set the agenda. Whether

policy changes the governor wants are ever achieved may not, in the final analysis, be as important to him as the fact that the state bureaucracy was forced to respond to one of his initiatives.

For Governor Edwards, the 1973 reorganization held some special benefits. During the 1971-72 governor's race, he had campaigned on a platform to reform the state government. Once in office, Edwards was able to fulfill that promise. He achieved both reorganization and the adoption of a new state constitution, and in achieving these, he also succeeded in building a record on which he could run for reelection. In addition, Edwards' championing of reorganization had important political benefits among certain segments of the state's population. For the disadvantaged, Edwards' support of more health and welfare services symbolized his commitment to the welfare of the state's needy. The fact that Edwards also chose to appoint so many blacks to important positions in the new department was also significant. It symbolized the governor's commitment to greater black participation in state government. From a practical standpoint, the appointment of so many blacks to these key positions cemented the governor's support in the black community. That could have been very important to the governor in his reelection bid. Finally, for the middle class taxpayers, the governor's reorganization proposal symbolized his concern with

the rising costs of government services. Even though Governor Edwards, never achieved those savings, he derived some political benefit from his effort.

To summarize, reorganization has had important consequences for Louisiana. It has given the governor additional leverage in dealing with the state bureaucracy. It has allowed a reassessment of health-welfare policy, and it has permitted this reassessment to take place in full public view. This has allowed greater participation from all segments of the state's population in the making of state health and welfare policy. Reorganization has also had significant symbolic effect on those segments of the population seeking more services and lower taxes. Thus, in the final analysis, the truth of the Louisiana reorganization seems to lie somewhere between the idealistic model postulated by the reformers and the cynical appraisal of the political skeptics. The 1973 health-welfare reorganization did matter: to the governor, to the legislature, to interest groups, to clientele, and to the general public. No one who has observed Louisiana politics during the Edwards' administration could dispute this. And, because reorganization has mattered to some political actors, the likelihood is that the state will, in the future, reorganize again.

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