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Elimination & Consolidation of State Entities

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To address budget gaps in recent years, policymakers have cut spending, used federal funds, enacted revenue increases, used rainy day funds, and employed various other measures to satisfy statutory and constitutional balanced budget requirements.¹ Among the spending cuts, some states have sought to eliminate or consolidate various state entities, including departments, agencies, offices, divisions, boards, commissions and councils. These actions have often been characterized as streamlining, reorganizing, modernizing, redesigning or increasing the efficiency of government.

In general, these actions have not represented substantial savings for state budgets. Instead, policymakers have primarily opted to cut appropriations for existing state entities and programs while keeping them largely intact.

Since 2009, at least 19 states have eliminated or consolidated state entities. Of these states, at least 11 have instituted eliminations and 13 have implemented consolidations. Several states – California, Connecticut, Missouri, Nevada and Washington – have done both. State functions that have been impacted include personnel management, criminal justice, information technology, central services, and tourism.

California, New Jersey and Washington have been relatively active in eliminating or consolidating state entities. This report highlights examples from these states first, followed by other selected state examples. Savings estimates are included where available.

California

- In June 2011 Governor Jerry Brown eliminated the California Postsecondary Education Commission by vetoing its \$1.9 million general fund appropriation. The governor called the commission “ineffective” and asked California’s three higher education systems to find new ways to coordinate. The FY 2012 budget also eliminates the Office of the Secretary of

¹ NCSL’s State Measures to Balance Budgets database, created in a partnership with the Pew Center on the States, contains additional detail on these actions.

<http://www.ncsl.org/default.aspx?TabId=20000>

Education for \$1.6 million in projected general fund savings. In total the budget eliminates 20 boards, commissions, task forces, offices and departments.²

- In May 2011 Governor Brown submitted Reorganization Plan Number 1, which recommended merging the State Personnel Board and the Department of Personnel Administration into a new entity CalHR.³ The Little Hoover Commission, a bipartisan and independent state agency, reviewed and subsequently recommended the plan but found the \$6 million savings estimate to be “somewhat speculative.”⁴ If neither legislative chamber rejects the plan with a majority vote, the plan would take effect July 1, 2012.
- As part of a larger savings initiative in the Governor’s Office, Governor Brown eliminated the Office of the American Reinvestment and Recovery Act Inspector General as of January 1, 2011, six months earlier than the office’s previously established expiration. The governor stated the office was redundant with other agencies and said the early elimination would save the state \$700,000 in FY 2011.⁵
- In July 2009 California’s then Governor Arnold Schwarzenegger signed SB 63, which abolished the California Integrated Waste Management Board and transferred its responsibilities to the newly-created Department of Resources Recycling and Recovery within the Natural Resources Agency.⁶

New Jersey

- In December 2010 Governor Chris Christie signed SB 2406, the New Jersey Public Broadcasting System Transfer Act.⁷ The measure gave to the State Treasurer the authority to carry out a conversion of the state public television network to an independent, non-state entity. The transfer was completed in June 2011. Previously the network received a state subsidy of approximately \$11 million.⁸

² California 2011-2012 State Budget.
<http://www.ebudget.ca.gov/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>

³ California Governor’s Reorganization Plan Number One.
<http://gov.ca.gov/docs/CalHRPlan.pdf>

⁴ Little Hoover Commission Recommendation to the Legislature.
<http://www.lhc.ca.gov/studies/206/Report206.pdf>

⁵ “Gov.-Elect Brown To Axe Inspector General’s Office”, Sacramento CBS 12, December 20, 2010.
<http://sacramento.cbslocal.com/2010/12/20/gov-elect-brown-to-axe-inspector-generals-office>

⁶ Bill Number: SB 63. Enrolled.
ftp://leginfo.public.ca.gov/pub/09-10/bill/sen/sb_0051-0100/sb_63_bill_20090724_enrolled.html

⁷ State of New Jersey Senate, No. 2406.
http://www.njleg.state.nj.us/2010/Bills/S2500/2406_U1.HTM

⁸ “Will news vanish with NJN deal?”, Today’s Sunbeam, June 22, 2011.
http://www.nj.com/sunbeam-voices/index.ssf/2011/06/will_news_vanish_with_njn_deal.html

- In November 2010 Governor Christie signed AB 2851, a bill based on the findings of the Red Tape Review Commission, which eliminated various boards, commissions, committees, councils and task forces.⁹
- In June 2010 Governor Christie signed SB 2089, which abolished the Department of the Public Advocate and transferred some its responsibilities to other state departments.¹⁰ The Office of Legislative Service concurred with the Office of Management and Budget estimate of \$3.976 million in general fund savings during FY 2011 as a result of the legislation.¹¹

Washington

- Washington's FY 2012-2013 biennial budget, signed by Governor Christine Gregoire in June 2011, eliminated funding for the Washington State Tourism Office. The office received approximately \$3.8 million in the previous biennium.¹²
- In June 2011 Governor Gregoire signed SB 5931, a government reorganization and streamlining bill primarily affecting the state's central service agencies.¹³ Among the measure's provisions are the creation of the Department of Enterprise Services and the Consolidated Technology Services. The existing Department of General Administration is to be eliminated and its responsibilities transferred to the Department of Enterprise Services. The existing Department of Personnel is to be eliminated and its responsibilities transferred to the existing Office of Financial Management and the new Department of Enterprise Services. The Department of Information Services is to cease existence as a state agency, and its responsibilities are to be transferred to the Department of Enterprise Services and the Department of Commerce. The powers and duties of the Office of Public Printer are to be transferred to the Department of Enterprise Services.¹⁴ The governor's administration has said the reorganization will save the state \$18 million.¹⁵

⁹ A2851. Approved P.L.2010, c.87.

http://www.njleg.state.nj.us/2010/Bills/PL10/87_.PDF

¹⁰ Approved P.L.2010, c.34. (SB 2089).

www.njleg.state.nj.us/2010/Bills/PL10/34_.pdf

¹¹ Fiscal Note Senate, No. 2089.

http://www.njleg.state.nj.us/2010/Bills/S2500/2089_F1.pdf

¹² Washington Second Engrossed Substitute House Bill 1087.

<http://leap.leg.wa.gov/leap/Budget/Detail/2011/SOAgencyDetail0603.pdf>

¹³ Washington Senate Bill 5931.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5931>

¹⁴ Washington Final Bill Report ESSB 5931.

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bill%20Reports/Senate%20Final/5931-S.E%20SBR%20FBR%2011%20E1.pdf>

¹⁵ "State agencies restructure despite labor pains", The Olympian, May 30, 2011.

<http://www.theolympian.com/2011/05/29/1669189/state-agencies-soon-will-experience.html>

- In March 2010 Governor Gregoire signed HB 2617, which eliminated 45 statutory boards, commissions, committees and councils.¹⁶
- In May 2009 Governor Gregoire signed SB 5995, which eliminated 18 boards, commissions and committees.¹⁷
- In December 2009 Governor Gregoire issued Executive Order 09-08, which eliminated 17 boards and commissions.¹⁸

Other Selected State Actions

- In April 2011 Arizona Governor Jan Brewer signed SB 1615, a state agency consolidation bill that transfers responsibilities from: the Department of Mines and Mineral Resources to the Arizona Geological Survey; the Government Information Technology Agency to the Arizona Department of Administration; and the Biomedical Research Commission to the Department of Health Services.¹⁹
- In June 2011 Colorado Governor John Hickenlooper signed SB 208.²⁰ The measure merges the Division of Wildlife and the Division of Parks and Outdoor Recreation into a new Division of Parks and Wildlife. In addition it merges the Wildlife Commission and the Board of Parks and Outdoor Recreation into a new Parks and Wildlife Board. The Colorado Legislative Council expects reduced state expenditures as a result of the merger but indicated the actual amount is unknown.²¹

¹⁶ Final Bill Report E2SHB 2617.

<http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bill%20Reports/House%20Final/2617-S2.E%20FBR%20FBR%2010.pdf>

¹⁷ Final Bill Report ESB 5995.

<http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bill%20Reports/Senate%20Final/5995.E%20SBR%20FBR%2009.pdf>

¹⁸ Executive Order 09-08. Elimination Of Certain Boards And Commissions.

www.governor.wa.gov/execorders/eo_09-08.pdf

¹⁹ Final Amended Fact Sheet For S.B. 1615.

http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/50leg/1r/summary/s.1615_asenacted.doc.htm&Session_ID=102

²⁰ Colorado Senate Bill 11-208.

http://www.leg.state.co.us/CLICS/CLICS2011A/csl.nsf/fsbillcont3/EA668D24B5B85CCD8725784D006616F3?Open&file=208_e nr.pdf

²¹ Colorado Legislative Council Staff Fiscal Note. Final Fiscal Note. SB11-208.

http://www.leg.state.co.us/clics/clics2011a/csl.nsf/fsbillcont3/EA668D24B5B85CCD8725784D006616F3?Open&file=SB208_f1.pdf

- In June 2011 Connecticut Governor Dannel Malloy signed HB 6651, a bill containing various agency mergers.²² The measure places nine state agencies within a new Office of Government Accountability, with each agency retaining independent-decision making authority. The consolidated agencies include the: Office of State Ethics, State Elections Enforcement Commission, Freedom of Information Commission, Judicial Review Council, Judicial Selection Commission, Board of Firearms Permit Examiners, Office of the Child Advocate, Office of the Victim Advocate, and State Contracting Standards Board. The measure eliminates the Connecticut Commission on Culture and Tourism and transfers its responsibilities to the Department of Economic and Community Development. It also eliminates the Connecticut Competitiveness Council. Finally, the measure eliminates the Board of Governors of Higher Education and the Department of Higher Education (DHE) and places DHE staff within the Board of Regents and the new Office of Financial and Academic Affairs.²³
- In June 2011 Florida Governor Rick Scott signed SB 2156, a government reorganization bill. Provisions of the measure include the creation of a new Department of Economic Opportunity. Existing offices and commissions to be merged into the Department of Economic Opportunity include: the Office of Tourism, Trade and Economic Development, the Office of Unemployment Compensation, and the Unemployment Appeals Commission. The measure also transfers the Office of Early Learning Services to the Department of Education and transfers the responsibilities of the Agency for Workforce Innovation to other agencies.²⁴
- In March 2010 Iowa's then Governor Chet Culver signed SF 2088, a bill based on the findings of the State Government Reorganization Commission. The enacted legislation eliminated 13 boards, commissions, committees and councils.²⁵

²² Connecticut House Bill No. 6651. Public Act No. 11-48.
<http://www.cga.ct.gov/2011/ACT/Pa/pdf/2011PA-00048-R00HB-06651-PA.pdf>

²³ Connecticut Office of Legislative Research Bill Analysis HB 6651.
<http://www.cga.ct.gov/2011/BA/2011HB-06651-R00-BA.htm>

²⁴ Florida SB 2156 - Governmental Reorganization.
<http://www.myfloridahouse.gov/sections/Bills/billsdetail.aspx?BillId=46908&SessionIndex=-1&SessionId=66&BillText=&BillNumber=2156&BillSponsorIndex=0&BillListIndex=0&BillStatuteText=&BillTypeIndex=0&BillReferredIndex=0&HouseChamber=S&BillSearchIndex=0>

²⁵ SF 2088 State Government Reorganization Bill Summary.
http://www.idph.state.ia.us/adper/common/pdf/legis/2010_reorganization.pdf

- In February 2011 Kansas Governor Sam Brownback signed Executive Reorganization Order No. 39 to abolish the Arts Commission and transfer its responsibilities to the Kansas Historical Society.²⁶ This order was rejected by the Senate. The governor then vetoed the Arts Commission’s entire \$689,000 appropriation in the FY 2012 budget.²⁷
- Governor Brownback also signed Executive Reorganization Order No. 38, which abolished the Kansas Health Policy Authority and shifted its responsibilities, including the administration of Medicaid, to the Department of Health and Environment.²⁸ The governor’s administration estimated the consolidation will save \$3 million in FY 2012.²⁹
- In July 2009 Louisiana Governor Bobby Jindal signed into law HB 837, which merged the Office for Addictive Disorders and the Office of Mental Health into a new Office of Behavioral Health within the Department of Health and Hospitals.³⁰
- In June 2009 Massachusetts Governor Deval Patrick signed SB 2087, a bill aimed at modernizing the state’s transportation system. It consolidated various transportation agencies, including the Massachusetts Turnpike Authority and Massachusetts Bay Transportation Authority, into the new Massachusetts Department of Transportation.³¹
- In February 2011 Michigan Governor Rick Snyder signed Executive Order 2011-3, which abolished the Parole and Commutation Board and Executive Clemency Advisory Council and established a new Michigan Parole Board within the Department of Corrections.³²

²⁶ Executive Reorganization Order No. 39.
http://www.kslegislature.org/li/b2011_12/year1/measures/ero/39/

²⁷ “Statehouse Live: Brownback signs budget; vetoes Kansas Arts Commission funding”, Lawrence Journal-World, May 28, 2011.
<http://www2.ljworld.com/news/2011/may/28/statehouse-live-brownback-signs-budget-vetoes-kans/>

²⁸ Executive Reorganization Order No. 38.
http://www.kslegislature.org/li/b2011_12/year1/measures/ero/38/

²⁹ FY 2012 Governor's Budget Report--Volume 1 (Page 43).
http://www.budget.ks.gov/publications/FY2012/FY2012_GBR_Volume1.pdf

³⁰ HB 837 - 2009 Regular Session (Act 384).
<http://www.legis.state.la.us/billdata/byinst.asp?sessionid=09RS&billid=HB837&doctype=BT>

³¹ Bill S2087. An Act modernizing the transportation systems of the Commonwealth.
<http://www.malegislature.gov/Bills/186/Senate/S2087>

³² Executive Order No. 2011-3.
http://www.michigan.gov/documents/snyder/EO-03-2011_344955_7.pdf

- In June 2011 Missouri Governor Jay Nixon eliminated the Missouri Film Office, which administered the state's film tax credit program, by cutting its \$175,000 appropriation for FY 2012. The Missouri Department of Economic Development assumed some responsibilities of the office.³³
- In June 2010 Governor Nixon signed HB 1868, which transferred the responsibilities of the State Water Patrol to the new Division of Water Patrol within the State Highway Patrol in the Department of Public Safety.³⁴ The transfer, effective January 1, 2011, was estimated to save \$3 million in annual administrative costs.³⁵
- New York's enacted FY 2012 budget, signed in April 2011 by Governor Andrew Cuomo, contains several state agency mergers: the Division of Parole is to be merged into the Department of Correctional Services; the Consumer Protection Board is to be merged into the Department of State; the Foundation for Science, Innovation & Technology is to be merged into the Department of Economic Development; and the Banking and Insurance Departments are to be merged to create the new Department of Financial Services.³⁶
- New York's State Public Safety Budget passed in June 2010 created the Division of Homeland Security and Emergency Services, a consolidation of four separate state agencies: the Office of Homeland Security, the State Emergency Management Office, the Office of Fire Prevention and Control, and the Office of Cyber Security and Critical Infrastructure Coordination.³⁷
- In June 2011 Nevada Governor Brian Sandoval signed SB 427. The measure dissolves the Department of Cultural Affairs and transfers parts of it to a new Department of Tourism and Cultural Affairs, the Department of Administration, and other agencies. The act also replaces the Department of Personnel with the Division of Human Resource Management, a new division within the Department of Administration. In addition, it replaces the Department of Information Technology with the Division of Enterprise Information Technology Services, a new division within the Department of Administration.³⁸

³³ "Curtain falls on Missouri Film Office; future for tax credits looks bleak", The Columbia Missourian, July 6, 2011.
<http://www.columbiamissourian.com/stories/2011/07/05/missouri-film-office-terminated-balance-budget-tax-credits-remain/>

³⁴ HB 1868 Summary.
<http://house.mo.gov/print.aspx?info=/bills101/bilsum/truly/sHB1868T.htm>

³⁵ "Gov. Nixon signs bill unifying highway and water patrols, strengthening law enforcement efforts on state's roads and waterways".
http://governor.mo.gov/newsroom/2010/Gov_Nixon_signs_bill_unifying_highway_and_water_patrols

³⁶ New York State Enacted Budget Financial Plan For Fiscal Year 2012 (Page 104).
<http://publications.budget.ny.gov/budgetFP/2011-12EnactedBudget.pdf>

³⁷ Final Merger Bill creating Division of Homeland Security and Emergency Services.
www.dhses.ny.gov/about/legislation/documents/Final-Merger-Bill.pdf

³⁸ Nevada Senate Bill 427.
<http://www.leg.state.nv.us/Session/76th2011/Reports/history.cfm?DocumentType=2&BillNo=427>

- In June 2009 Nevada’s then Governor Jim Gibbons signed AB 561, which abolished the Consumer Affairs Division for the FY 2010-2011 biennium and transferred some of the division’s duties to the Nevada Office of the Attorney General.³⁹ In June 2011 Governor Sandoval signed SB 473, which continued the suspension of the division through the FY 2012-2013 biennium.⁴⁰
- In May 2011 Oklahoma Governor Mary Fallin signed HB 2140, the State Government Administrative Process Consolidation and Reorganization Reform Act of 2011, which consolidates into the Office of State Finance the following four agencies: the Department of Central Services, the Office of Personnel Management, the Oklahoma State Employees Benefits Council, and the State and Education Employees Group Insurance Board.⁴¹ The measure requires the State Finance director to demonstrate cost reductions equal to 15 percent of the FY 2012 appropriations to the consolidated agencies, which is approximately \$3.2 million.⁴²
- Rhode Island’s FY 2011 budget, which passed in June 2010 without the governor’s signature, discontinued staff funding for the Commission on Women. The commission received approximately \$70,000 in state funds in FY 2010.⁴³
- In May 2011 Texas Governor Rick Perry signed SB 653, which abolishes the Texas Youth Commission and the Texas Juvenile Probation Commission and transfers the responsibilities of these agencies to the new Texas Juvenile Justice Department.⁴⁴ The Legislative Budget Board estimated the measure would result in \$3.3 million in general fund savings through the biennium ending August 31, 2013.⁴⁵

³⁹ Assembly Bill No. 561.
http://www.leg.state.nv.us/Session/75th2009/Bills/AB/AB561_EN.pdf

⁴⁰ Senate Bill No. 473.
http://www.leg.state.nv.us/Session/76th2011/Bills/SB/SB473_EN.pdf

⁴¹ Enrolled House Bill No. 2140.
<https://www.sos.ok.gov/documents/legislation/53rd/2011/1R/HB/2140.pdf>

⁴² “Consolidation Bill Passes House”, House of Representatives Press Release, May 18, 2011.
http://www.okhouse.gov/okhousemedia/News_Story.aspx?NewsID=4002

⁴³ Rhode Island Budget as Enacted Fiscal Year 2011.
www.rilin.state.ri.us/housefinance/fy%202011%20budget%20as%20enacted.pdf

⁴⁴ Texas S.B. No. 653.
<http://www.legis.state.tx.us/tlodocs/82R/billtext/pdf/SB00653F.pdf#navpanes=0>

⁴⁵ Texas Legislative Budget Board Fiscal Note. SB 653.
<http://www.legis.state.tx.us/tlodocs/82R/fiscalnotes/html/SB00653F.htm>

- In June 2011 Wisconsin Governor Scott Walker signed the state's FY 2012-2013 biennial budget.⁴⁶ The budget's provisions include eliminating the Office of Energy Independence and transferring its responsibilities to the Division of Energy within the Department of Administration.⁴⁷

⁴⁶ 2011 Wisconsin Act 32.

<http://legis.wisconsin.gov/2011/data/acts/11Act32.pdf>

⁴⁷ State of Wisconsin 2011-13 Executive Budget. Budget in Brief.

http://www.doa.state.wi.us/debf/pdf_files/bib1113.pdf