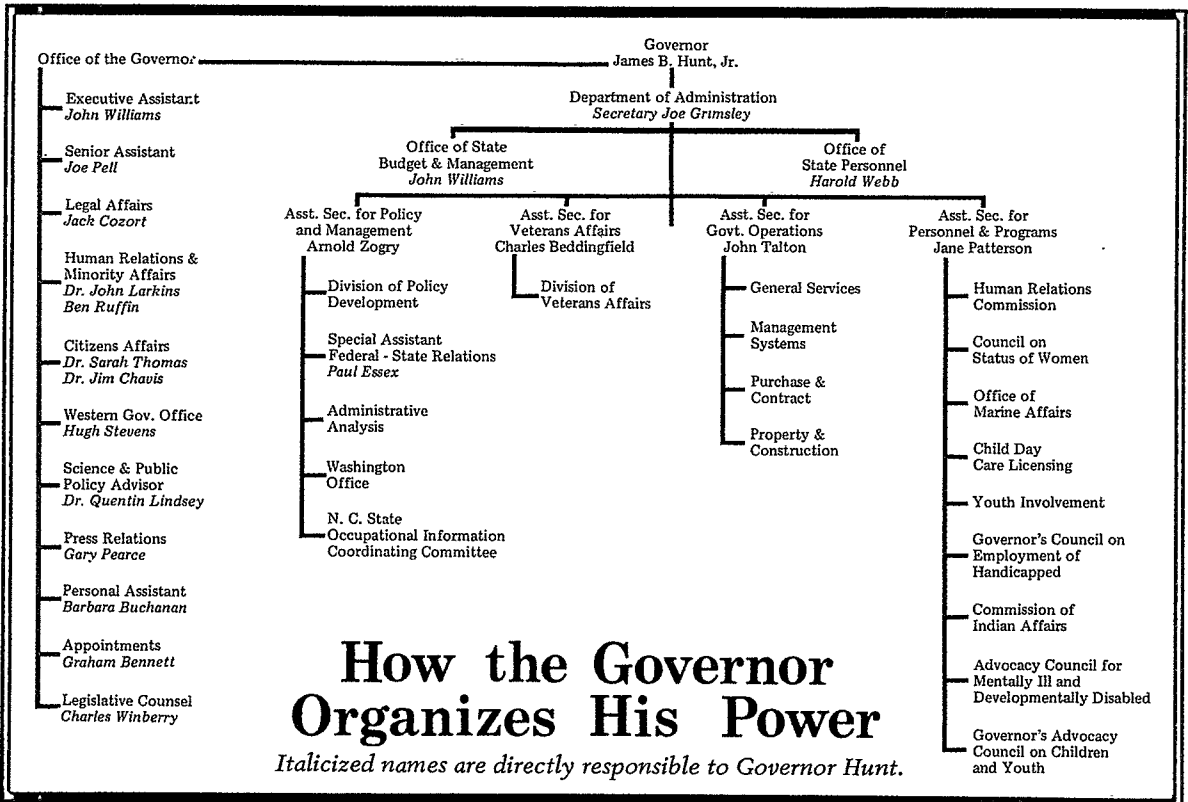


At the Top of the Heap

by Bob Dozier



BECAUSE North Carolina's chief executive does not have veto power, the office of governor often seems weaker and more ceremonial than it really is. Taken together, other powers available to the governor make him the most important official in state government. The governor's strength inheres largely in his control of the state's budget. He not only prepares and proposes the budget, he administers it once it is enacted by the General Assembly. The Advisory Budget Commission works with the governor to prepare recommended budgets for consideration by the legislature. The governor appoints four of its twelve members. These four may or may not be legislators; by statute, the other eight are members of the General Assembly.

Control of the budget is the basis of the governor's influence in the nineteen departments that constitute the Executive Branch of state government. This is especially true in the eight departments whose elected secretaries have powers not subject to gubernatorial control. The remaining nine secretaries, all appointed by the governor and more directly under his dominion, constitute the cabinet. Of these, the Department of Administration is the most important.

Bob Dozier is working with the Center this summer.

Through it, the governor exercises power over all the other departments.*

The *North Carolina Manual* describes the Department of Administration as "the business, management, and policy development office of state government and the administrative arm of the Governor's office." First established in 1957 during the administration of Governor Luther Hodges, the Department's main functions are to regulate expenditures of state money; manage state property; run the state personnel system; manage the state's programs for veterans; and house assorted small boards, advocacy groups, and agencies. It is a grab bag of functions that cut across the boundaries of other

**The cabinet includes the secretaries of the Departments of Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Human Resources, Natural Resources and Community Development, Revenue, and Transportation. The eight elected officials head the Departments of Secretary of State, State Auditor, State Treasurer, Justice, Agriculture, Labor, Insurance, and Public Education. The Offices of the Governor and Lieutenant Governor are the other two executive departments.*

more narrowly defined departments. As Joe Grimsley, the Department's Secretary says, "You don't treat this Department like it's just another department. It's a first among equals."

These functions are not simply administrative. Control of jobs, money for jobs, and development of comprehensive government policy are natural opportunities for a governor to create and exercise political power as well as administrative leadership. Governor James B. Hunt, Jr. relies on two areas of the Department so regularly that his connections with them can be considered direct rather than subordinate to his relationship with Secretary Grimsley. These are the Office of State Budget and Management headed by John Williams (\$40,000) and the Office of State Personnel directed by Harold Webb (\$36,936).*

In January, 1978, John Williams became Executive Assistant to the Governor while retaining his duties as state budget director (his entire salary is still paid by the Department of Administration). This dual role is unique in recent North Carolina government. Hunt admits that he has "pulled the budget closer to the Governor's Office" because "if you know what you want to do programmatically, you've got to have the budget close to you." As Executive Assistant, Williams is Hunt's liaison with the nine cabinet departments and has the authority to speak for the Governor. As budget director, he has the power to authorize the transfer of funds among various government programs and, in some instances, within such programs. His clout in each role is immense, partially because he holds both jobs.

Williams has offices near the Governor in the Old Capitol and in the Department of Administration. A wealthy Raleigh businessman, he is working full-time in state government after having been active in politics for many years. He served on the Advisory Budget Commission from 1969 until 1973. To indicate his importance within the Hunt administration, Williams' pay is intentionally set above that of Joe Grimsley. At \$39,900, Grimsley is the second highest paid member of the cabinet and, as Secretary of the Department of Administration, is nominally Williams' boss. Dr. Sarah Morrow (\$57,108), Secretary of the Department of Human Resources, is the most highly paid cabinet officer.

THE Office of the Governor was legally created as one of the 19 major departments of the Executive Branch in 1971. As of April 30, 1978, its budget for fiscal year 1977-78 included \$1,439,986, of which \$1,232,730 came directly from the General Fund (state revenues other than highway funds). The budget included an additional \$55,000 in state

*Salaries noted in this article were effective in May, 1978, prior to changes made by the 1978 General Assembly.

funds transferred from the Science and Technology Committee in the Department of Commerce. The rest of the budget was funded by federal grants and a private foundation gift that supported planning for a science high school. In 1975-76, the last full

John Williams' role as both Executive Assistant and Director of the Office of State Management and Budget is unique in recent N.C. government.

fiscal year of the Holshouser Administration, the Governor's Office received \$831,747 from the General Fund. Nearly two-thirds of the state appropriation for the Governor's Office is spent on salaries and fringe benefits, including the \$45,000 salary and \$5,000 expense account allotted to Hunt. The Governor's Mansion, his official residence in Raleigh, has a separate budget of \$231,196 (as of April 30, 1978) funded by the Department of Administration.

The Governor is authorized "to appoint such personal staff as he deems necessary to carry out effectively the responsibilities of his office" [G.S. 147-12(9)]. Employees of the Governor's Office are not subject to the provisions of the State Personnel System [G.S. 126-5(b)]. Simply put, Hunt exercises the governor's traditional broad personal authority to select, appoint, and pay his staff as he pleases. The Department of Administration pays the salaries of some people who are formally members of the Governor's Office, while some key advisors to Hunt work in the Department itself. Only the Governor and about a third of the staff paid through the Governor's Office actually have offices in the Old Capitol. The others work in the Department of Administration building.

The following summaries describe the important divisions of the Governor's Office aside from the special role Williams plays.

Senior Assistant. Joe Pell (\$40,000), a successful Surry County businessman, handles patronage, political support, and special projects. Hunt calls him "my eyes and ears in the field." Pell chairs weekly meetings of the Governor's staff and provides limited supervision of their work.

Legal Affairs. Jack Cozort (\$20,124), a Wake Forest law graduate, left a job in the Attorney General's office to become policy advisor and legal counsel to Hunt.

Human Relations and Minority Affairs. Dr. John Larkins (\$32,436), a black leader with more than thirty years' experience in state government, is a Special Assistant to Hunt who helps coordinate minority patronage and political support. On May 1, 1978, Ben Ruffin (\$32,436), a black leader from Durham, left his job as Director of the State Human Relations Commission to join Dr. Larkins. As a policy

advisor, Ruffin specializes in issues affecting minorities and the poor. Geoff Simmons (\$17,460) is Ruffin's assistant.

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Office of Citizen Affairs. Hunt established this office to promote volunteer services and better communications between citizens and government. It is divided into the Office of Citizen Help, Community Involvement Programs, and a Citizen Participation group.

Dr. Sandra Thomas (\$30,900), a vice-president of Meredith College on leave, is serving as Executive Director of the Office of Citizen Affairs. Dr. Jim Chavis (\$26,772) directs the Citizen Help program as Chief Ombudsman. He is on leave from his post as Dean of Student Affairs at Pembroke State University.

Western Governor's Office. The director of Hunt's Asheville office is Hugh Stevens (\$21,120), a Hunt political supporter and former U. S. marshal. The Western Executive Residence in Asheville receives \$3,314 annually for maintenance from the Department of Administration.

Science and Public Policy Advisor. Dr. Quentin Lindsey (\$37,428), a Harvard-trained economist, promotes the use by state and local governments of scientific research resources in North Carolina. Dr. Lindsey taught Hunt as both an undergraduate and graduate student at N. C. State and later persuaded the Governor to spend two years (1964-66) in Nepal working for the Ford Foundation in an economic development program.

Press Relations. Special Assistant Gary Pearce (\$28,092), a former *News & Observer* reporter and editor, runs Hunt's press office. Either Pearce or his assistant, Stephanie Bass (\$18,300), approves a final draft of each speech the Governor delivers.

Personal Assistants. Barbara Buchanan (\$22,140) is Hunt's Special Assistant and personal secretary for appointments in the Capitol. Two other secretaries work with her. Priscilla Hartle (\$20,124 paid by the Department of Administration) schedules the time Hunt spends outside the Capitol.

Appointments. Graham Bennett (\$16,644), a scheduler in the Hunt gubernatorial campaign and son of Bert Bennett, a Winston-Salem businessman and longtime Democratic Party insider, coordinates Hunt's appointments to state boards, commissions, and other bodies (Hunt will make roughly three thousand appointments during his four-year term). His assistant, Lucie Duffer (\$16,644), is paid by the Department of Administration.

Legislative Counsel. Charles Winberry, a Rocky Mount attorney who directed Robert Morgan's 1974 Senate campaign, is Hunt's lobbyist in the General Assembly. His work includes research, writing, and bill drafting, as well as political chores. He works full-time when the General Assembly is in session. The Department of Administration pays him \$3,000 for each month he works.

DESPITE the availability of this expensive, extensive staff, Hunt must rely on research and policy support scattered throughout the bureaucracy to handle the diverse issues he faces. By bringing experts from throughout state government together, Hunt has concentrated this help in the Division of Policy Development under Arnold Zogry (\$37,428), Assistant Secretary for Policy and Management in the Department of Administration. This think-tank unit was formed in January, 1977, as the successor to the Division of State Planning. Through an approach of “more action than paper,” Zogry, Grimsley, and Hunt believe the Division can bring expert information to bear on both pressing and long-range problems, thus serving as the key to creating overall state policy. The Division's work is divided into four areas: economic research under Kenneth Flynt (\$30,900), Chief Economic Advisor to the Governor; economic development under Peter Rumsey (\$28,092); regional programs directed by Billy Hall (\$28,092); and human development headed by Florence Glasser (\$23,208) and Ted Parrish (\$26,772).

The Division of Policy Development has a budget of roughly \$1.6 million, of which about \$780,000 (as of April 30, 1978) comes from state funds. The Division absorbed the Office of Intergovernmental Relations in 1977, and its budget, therefore, includes \$199,000 to cover North Carolina's share of the administrative costs of the Appalachian Regional Commission and the Coastal Plains Regional Commission. Most federal fund requests from local governments pass through the Division before going to Washington. Paul Essex (\$35,664), the Governor's Special Assistant for Federal/State Relations, maintains his office here even though he reports directly to Hunt. The Division also houses Betty Owen (\$25,524), the Governor's Special Assistant for Education. Overall, the Division of Policy Development has about forty-five employees, roughly half of whom make more than \$15,000 annually.

The state's office in Washington is also under Zogry's direction. Its staff monitors and lobbies Congress and the entire federal government to protect North Carolina's interests. Most of its \$129,854 budget goes for salaries, including those of Patricia Shore (\$35,664), William Garrison, Jr. (\$26,772), and Judy Love (\$21,124).

Harold Webb, head of the Office of State Personnel, wields power in personnel matters parallel

to Williams' control of the budget. Hunt works closely with both Webb and Joe Pell, his patronage man. The power to transfer or demote a worker is almost as effective a control tool as the power to hire or fire him. The 1977 General Assembly effectively established five years as the probationary period during which a state employee is subject to any of these sanctions without recourse to the State Personnel System's grievance procedures. Using authority created by the 1975 General Assembly, Hunt designated 868 "policy-making positions" in 1977, thus exempting them from the protections of the Personnel System regardless of the length of service in state government of those who occupy such offices.

By making Williams his Executive Assistant and Director of the Office of State Budget and Manage-

ment, Hunt has integrated day-to-day control of the budget with his own office, thus consolidating the centers of executive power in state government. By exercising direct control over personnel, budget, and policy decisions, Hunt has begun to make the bureaucracy respond to his will. The 1977 constitutional amendment that permits a governor to serve a second term has extended his authority over a bureaucracy that could formerly use delaying tactics while awaiting the arrival of a new governor. Despite the absence of veto power, the office of governor in North Carolina affords its occupants diverse opportunities to control state government. By skillfully exploiting most avenues available for exercising the influence of his position, the present governor has demonstrated that the governorship itself is often misjudged as weaker than it truly is. □

—And furthermore —

A Luxury Item ?

The spring, 1978, issue of *N. C. Insight* reviewed several state-funded studies which have questioned the propriety of building a school of veterinary medicine in North Carolina, and recommended delaying additional appropriations for the project at least until after an American Veterinary Medical Association manpower study is released in July.

A forthcoming report by the Southern Regional Education Board, made available to legislators in early June, proposed an end to all vet school construction in the South, including North Carolina, because existing schools can meet anticipated needs for vets in the foreseeable future.

On June 14, the state legislature appropriated \$7.2 million of the taxpayers' money for the construction of a vet school in North Carolina.

Buying and Selling the Public's Land

The Center's first major report, *This Land Is Your Land: Here's How The State Buys and Sells It*, recommended a number of measures to tighten controls over the buying and selling of state land. (See *N. C. Insight*, Winter 1978). Several of the practices suggested by the report have since been adopted by the Council of State. Others have yet to receive official attention.

Two of the major recommendations---establishing a land review panel and opening to the public the meetings of the Council of State, which acts on state land deals---have been on the Council's agenda since February. According to Joseph W. Grimsley, secretary of the Department of Administration, the Council of State considered these two recommendations significant enough to warrant full discussion. At its meeting on July 10 the Council of State, with the Governor absent, finally dealt with the proposal for a land review panel and disapproved it. The question of open meetings was once again deferred.

According to Grimsley, the Department of Administration is in favor of open meetings as long as the Council retains the right to call for closed meetings under certain circumstances. (The Center's report recommended that the Council, whose members are the state officials elected by the people of North Carolina, meet in public except when a majority of the members voted to close a session.) "The more we have looked at it from the Department of Administration's point of view," Grimsley said, "open meetings would not hurt anything . . . and that is the statement we have made to the Governor and the Council of State."

Most of the members of the Council of State were receptive to the idea of establishing a land review panel when the Center's original study on land transactions was released late last year, but this recommendation ran into opposition in the Department of Administration. Grimsley said his department remains convinced that a land review panel is unnecessary. Nevertheless, he said, the department took the position that the question deserved full consideration by the Council of State.