



Bill Draft 2017-LRz-117: Monitor State Agency Spans of Control/PED.

2017-2018 General Assembly

Committee:
Introduced by:
Analysis of: 2017-LRz-117

Date: January 24, 2018
Prepared by: Committee Staff

OVERVIEW: *The act establishes a monitoring process for State agency spans of control and organizational layers for position and job classification analyses conducted by the Office of State Human Resources after January 1, 2019.*

BILL ANALYSIS: Section 1 amends the State Human Resources Act by adding a new Article covering State agencies that employ nonexempt employees subject to the Act. New G.S. 126-12.1. Beginning January 1, 2019, the Office of State Human Resources (OSHR) must incorporate spans of control and organizational layers as components of position and job classification analyses. Further, the OSHR must document circumstances when its actions allow positions within agencies to not meet minimum span of control ratios of the position's job classification as established under new G.S. 126-12.3(8) and the justification for approving such an action.

New G.S. 126-12.2 requires each agency to publish an accurate organizational chart on its Internet Web site, and to update the chart at least quarterly. The OSHR will collect, at least semi-annually, the standardized organization charts of State agencies and display those on the OSHR Internet Web site.

New G.S. 126-12.3 pertains to reporting. Every four years, the Office of State Budget and Management will report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on State agency spans of control and organizational layers. At a minimum, the report should include the following components:

- Span of control and number of organizational layers for each agency.
- Span of control by organizational layer for each agency.
- Number and percentage of supervisors with narrow spans of control, defined as a ratio of 1:3 or fewer, for each agency.
- A list of departments whose overall span of control decreases.
- A list of departments whose overall number of layers increases.
- Historical analyses from 2018 forward of each agency's average span of control and number of organizational layers.
- Span of control for each job classification.
- A recommended benchmark span of control for each job classification, and a revised statewide span of control benchmark, as appropriate.
- A list of job classifications within each agency not meeting the recommended benchmark span of control for that job classification.
- Any other budgetary or managerial considerations.

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Legislative Drafting
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The OSHR is required to do the following and report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by December 1, 2018:

- Develop a standard organizational layer nomenclature for use by State agencies building on the nomenclature specified in G.S. 143B-11.
- Adopt a policy to require State agencies to submit any changes in supervisory reporting structures to the Office of the State Controller within five days of the effective date of the change.
- Adopt a standardized format for organizational charts for State agencies subject to this Article.
- Develop criteria-based technical leadership tracks as an alternative way to reward and retain employees, as an alternative to supervisory promotions, and provide a plan for implementing these tracks and any necessary legislative action.
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EFFECTIVE DATE: The act is effective when it becomes law.

BACKGROUND: The Program Evaluation Division issued a report entitled "Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet Recommended Levels" to the Program Evaluation Oversight Committee on December 12, 2016 (Report Number 2016-12). The bill is based upon the Report's findings and recommendations.

Report Site: http://www.ncleg.net/PED/Reports/documents/Spans/Spans_Report.pdf

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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BILL DRAFT 2017-LRz-117A [v.2] (01/11)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
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Short Title: Monitor State Agency Spans of Control/PED.

(Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH A PROCESS FOR MONITORING SPANS OF CONTROL AND
ORGANIZATIONAL LAYERS WITHIN STATE AGENCIES, AS RECOMMENDED
BY A PROGRAM EVALUATION DIVISION REPORT.

The General Assembly of North Carolina enacts:

SECTION 1. Effective December 1, 2018, Chapter 126 of the General Statutes is
amended by adding a new Article to read:

"Article 4A.

"Spans of Control.

"§ 126-12.1. Organization of State agencies; spans of control.

(a) This Article applies to State agencies employing nonexempt employees subject to
the provisions of this Chapter.

(b) For position and job classification analyses conducted after January 1, 2019, the
Office of State Human Resources shall incorporate spans of control and organizational layers
as components of position and job classification analyses, and document circumstances of the
Office's actions that allow positions within agencies to not meet minimum span of control
ratios of the position's job classification as established under G.S. 126-12.3(8) and the
justification for approving such an action.

"§ 126-12.2. Publication.

(a) Each State agency shall publish on its Internet website, and update at least quarterly,
an accurate organizational chart that meets or exceeds the requirements of the Office
of State Human Resources.

(b) The Office of State Human Resources shall collect at least semi-annually the
standardized organization charts of State agencies, and shall display them on the
Office's Internet website.

(c) The Office of State Human Resources shall monitor compliance with this section.

"§ 126-12.3. Four-year reporting.

By April 1, 2019, and then every four years thereafter, the Office of State Budget and
Management shall report to the Joint Legislative Commission on Governmental Operations and
to the Fiscal Research Division on State agency spans of control and organizational layers. At a
minimum, the report should include the following components:

(1) Span of control and number of organizational layers for each agency.

(2) Span of control by organizational layer for each agency.



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- (3) Number and percentage of supervisors with narrow spans of control, defined as a ratio of 1:3 or fewer, for each agency.
- (4) A list of departments whose overall span of control decreases.
- (5) A list of departments whose overall number of layers increases.
- (6) Historical analyses from 2018 forward of each agency's average span of control and number of organizational layers.
- (7) Span of control for each job classification.
- (8) A recommended benchmark span of control for each job classification, and a revised statewide span of control benchmark, as appropriate.
- (9) A list of job classifications within each agency not meeting the recommended benchmark span of control for that job classification as established by subdivision (8) of this section.
- (10) Any other budgetary or managerial considerations deemed necessary."

SECTION 2. By December 1, 2018, the Office of State Human Resources shall have completed the following actions, and reported them to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division:

- (1) Developed a standard organizational layer nomenclature for use by State agencies building on the nomenclature specified in G.S. 143B-11.
- (2) Adopted a policy to require State agencies to submit any changes in supervisory reporting structures to the Office of the State Controller within five days of the effective date of the change.
- (3) Adopted a standardized format for organizational charts for State agencies subject to this Article.
- (4) Developed criteria-based technical leadership tracks as an alternative way to reward and retain employees, as an alternative to supervisory promotions, and provide a plan for implementing these tracks and any necessary legislative action.

SECTION 3. This act is effective when it becomes law.