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MINNESOTA DEPARTMENT OF NATURAL RESOURCES

NORTH SHORE LABOR POOL STUDY

April 1, 1985

Study--"Regional or Subregional
Pool" DNR due 2/1/85

Pursuant to 1984 Laws, chapter 654
Art 2, Section 11(g) Recd 4/1985

North Shore Labor Pool Study

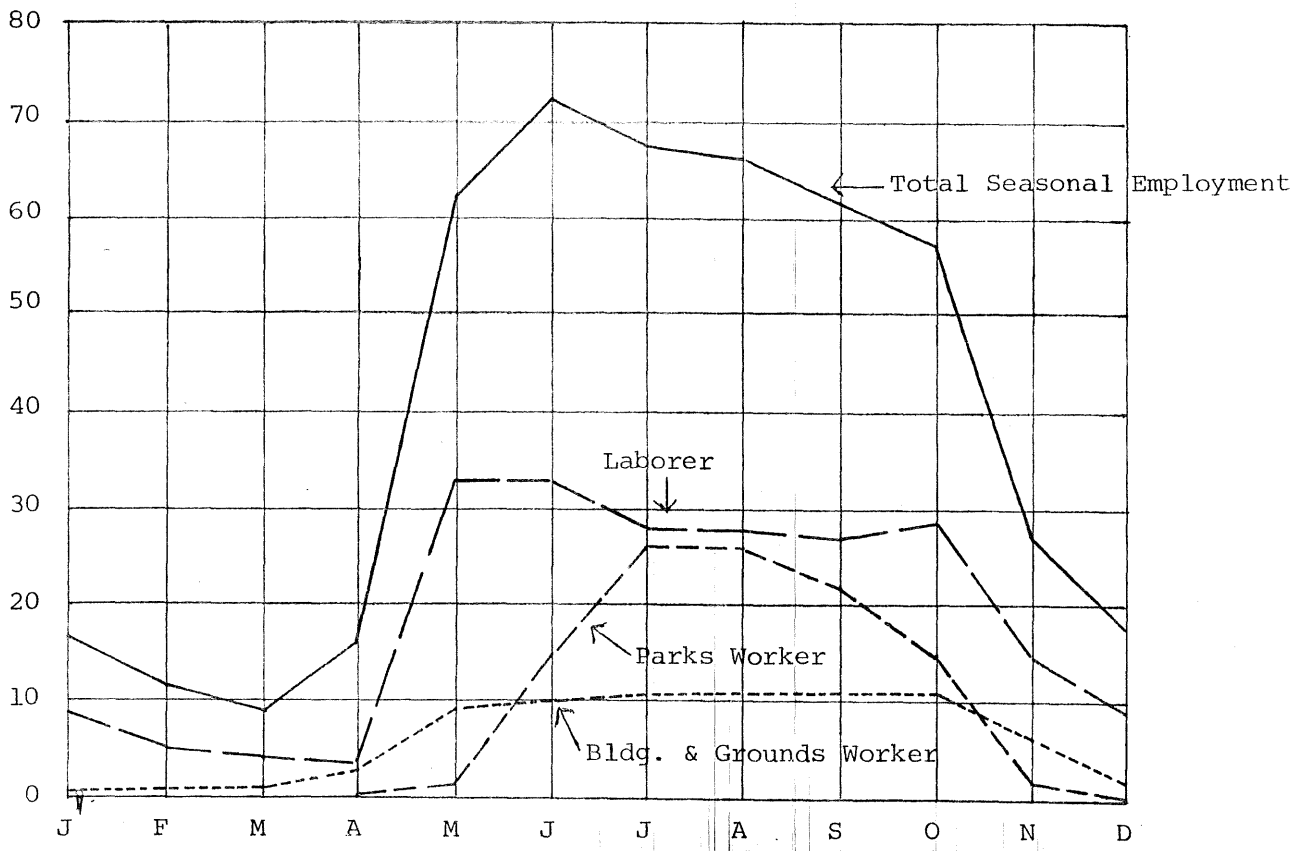
The recently completed "Management Study of the Regional and Subregional Structure of the Department of Natural Resources" by the Management Analysis Division of the Department of Administration cited the DNR's unemployment compensation liability as a major management issue. The Department of Administration study recognized previous efforts by the Department of Natural Resources to reduce our u-c liability: conversion of seasonal positions to part time 12 month positions. While the conversion of positions was a good first step, the Department of Administration noted that the Fiscal Year 1983 unemployment compensation liability of \$1,307,687 justified further management attempts to reduce DNR's u-c payments. This concern for the DNR's unemployment compensation costs resulted in the Department of Administration study Recommendation 42: "Reexamine the feasibility of creating regional labor pools under the supervision of the Regional Administrators. In particular, the department should investigate the feasibility of creating small subregional pools in areas like the North Shore. The size of the pools should be determined by the Regional Administrators after consulting with regional supervisors and support staff".

The 1984 legislature endorsed the concept, but went beyond the idea of studying the feasibility of a labor pool and mandated that: "The Department of Natural Resources shall create at least one regional or subregional labor pool under the control of the Regional Administrator. The department shall report to the legislature on the results of the project by February 1, 1985. The Departments of Administration and Employee Relations shall assist in the design and evaluation of the project".

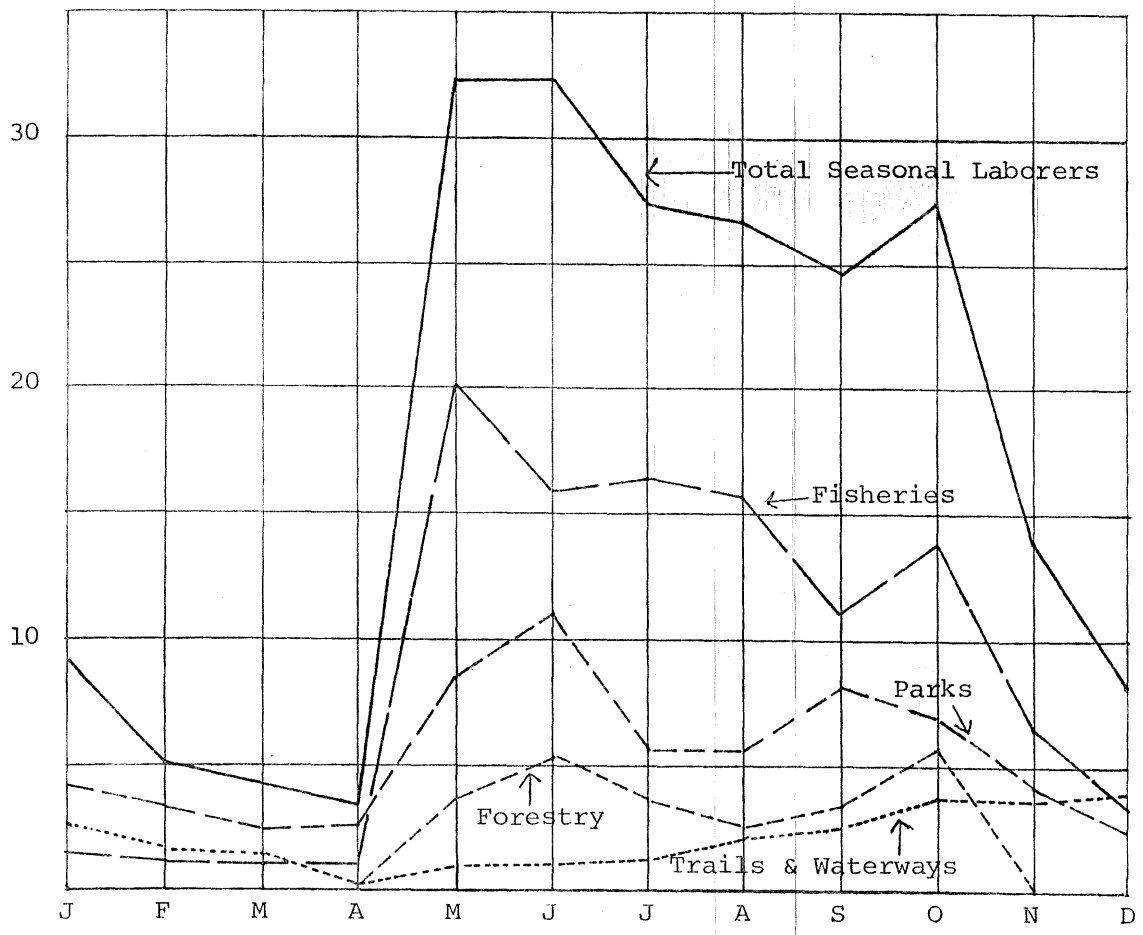
The focus on a labor pool in general and a North Shore pool specifically was based on several assumptions:

CHART 1

NORTH SHORE SEASONAL EMPLOYMENT



SEASONAL LABORERS



1. that a significant proportion of the unemployment compensation costs were generated by "laborer type" positions whose work was sufficiently generic to allow easy transfer between disciplines (parks, fisheries, trails) and work locations;
2. that the seasonal workload along the North Shore was or could be shifted or spread out to support a "year-round" pool of laborers;
3. that previous experience in the Northeast Region gained from the IRRRB Emergency Work Relief Program (1300 people were employed in laborer type positions) would lend itself to development of a labor pool;
4. that the administrative costs of supporting a labor pool (transportation, supervision, scheduling, bargaining unit provisions) would be substantially less than the current unemployment compensation costs in the study area; and
5. that a mobile labor pool could reduce u-c costs by hiring fewer seasonal employees and working them for a longer work period.

The first step in investigating the feasibility of developing a North Shore labor pool was to determine the characteristics of the existing seasonal positions hired by the DNR along the North Shore. We arbitrarily defined the North Shore as Duluth to Grand Marais. Within that zone, the Department of Natural Resources has the following facilities: 8 state parks, 4 fisheries stations, 1 trail management station, 2 wildlife stations, and 5 forestry stations.

During the period May 1983 to May 1984, the Department of Natural Resources employed 101 seasonal employees with a total wage of \$542,000 and a total unemployment compensation liability of \$88,000 -- or 16% of total seasonal wages. These seasonal employees were employed in eleven classifications:

North Shore Labor Pool Study

TABLE 1 - Unemployment Compensation by Job Classification

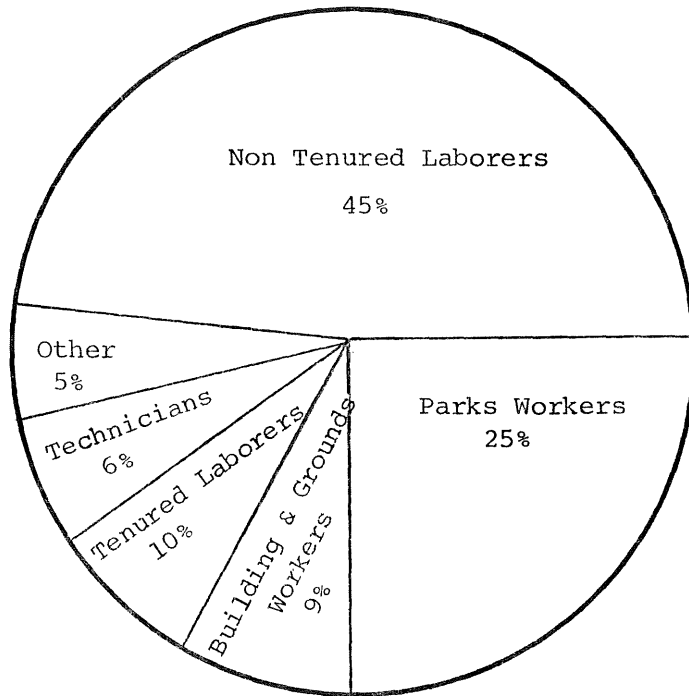
<u>Classification</u>	<u>No. of Employees</u>	<u>Total Wages</u>	<u>Unemployment Compensation</u>	<u>u-c Wages %</u>	<u>% of Total Seasonal Employees</u>	<u>% of Total Unemployment Compensation</u>
Parks Worker	26	122,000	35,000	29%	26%	40%
Bldg. & Grounds Worker	9	88,000	16,000	18%	9%	18%
Non-Tenured* Laborers	45	105,000	14,000	13%	45%	16%
Tenured Laborers & Laborer II*	10	94,000	13,000	14%	10%	15%
Clerk II	3	19,000	3,100	16%	3%	3.5%
Technicians*	6	89,000	5,400	6%	6%	6%
Naturalist	1	6,070	0	--	1%	--
NR Park Supervisor	1	19,000	1,500	8%	1%	1.7%
	101	542,000	88,000			

*Includes all disciplines - Forestry, Parks, Fisheries

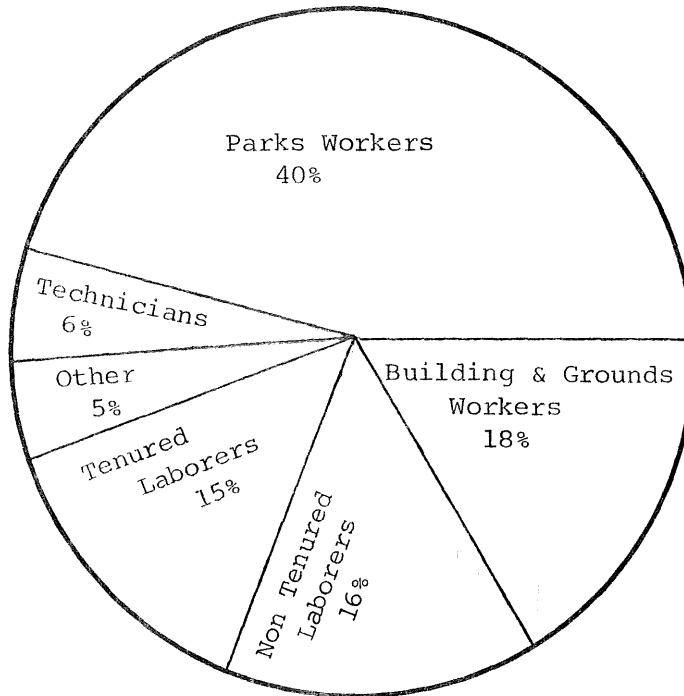
TABLE 2 - Unemployment Compensation by Discipline

<u>Discipline</u>	<u>No. of Employees</u>	<u>Total Wages</u>	<u>Total Unemployment Compensation</u>	<u>u-c Wages %</u>	<u>% of Total Seasonal Employees</u>	<u>% of Total Unemployment Compensation</u>
Parks	57	318,000	58,600	18%	57%	67%
Fisheries	25	140,300	22,700	16%	25%	26%
Forestry	15	46,600	3,860	8%	15%	4%
Wildlife	1	14,700	0	--	1%	--
Trails & Waterways	3	23,000	3,100	13%	3%	3%
	101	542,000	88,000			

Seasonal Employees by Classification



Unemployment Compensation Liability by Classification



Parks Worker, Building and Grounds Worker, Non-tenured Laborers, Tenured Laborers, Clerk II, Fisheries Technician, Parks Technician, Forestry Technician, Naturalist and Natural Resources Park Supervisor. Table 1 indicates the distribution of unemployment claims among these various classifications. It is interesting to note that the classification of Parks Worker represented 26% of the seasonal work force in the North Shore study area but incurred 40% of the total unemployment liability.

Position Description Summary

Clerk II

Parks - handle office duties such as payroll, bills, filing

Fisheries - interview anglers for information on fishing success
and collects fish tissues for analysis.

Naturalist

Presents interpretive material to parks visitors.

NR Park Supervisor

Hires, trains, and supervises employees.

Fisheries Technician

Conducts lake and stream surveys including water chemistry, electro-fishing, stocks lakes, conducts assessment netting, and repairs equipment.

Parks Technician

Manage the smaller parks under the supervision of an NR Park Supervisor.
Is responsible for receipts, supervising maintenance and development projects and budgets.

Forestry Technician

Assist district forester in timber appraisal, scaling, lease supervision, fire suppression, and supervision of contracts for site preparation and planting.

Building and Grounds Worker

General park maintenance, vehicle maintenance, building cleaning, painting, etc., grade roads, mow grass, carpentry, plumbing, haul garbage, maintain sewage disposal systems.

Parks Worker

Sell park permits, answer phone inquiries, order supplies, assign campsites, garbage and refuse removal, trail maintenance, general maintenance, bundle and sell firewood, clerical duties.

Non-Tenured Laborer

Cut brush, plant trees, cut wildlife openings, trail maintenance, campground cleanup, river campsite maintenance, fin clipping, night watchman at hatchery, assist fisheries crew with netting and stocking, herbicide spraying, trail bridge construction, trail grooming, construct trail shelters.

Tenured Laborer

Transport fish, strip fish eggs, creel census, test netting, operate heavy equipment, apply restricted-use herbicides, electro-fishing, campground maintenance, rough fish removal, equipment repair, lead worker for trail construction crews.

The above summarized position descriptions are a product of a survey that was sent to each supervisor who hired seasonal employees within the study area. The survey attempted to establish: 1) what the seasonal positions did, 2) whether the positions could be seasonally shifted, 3) the funding stability of the position, and 4) whether or not the position could be handled by a labor pool.

Based on the survey of supervisors, a review of the bargaining unit contract, personnel rules and unemployment compensation rules, there are several obstacles to a North Shore labor pool: 1) seasonality of workload, 2) the geographic distribution of work, and 3) the "immobility" of the work tasks performed by the existing seasonal work force.

1. Seasonality of the Workload

To significantly reduce unemployment costs, the reduction program should focus on those positions generating the highest u-c liability. As tables 1 and 2 indicate, the Parks seasonal work staff accounts for 67% of the study area's total u-c costs. Staffing patterns within the parks however must closely parallel the strongly seasonal tourist season. Therefore, it would make no sense to extend the employment season into the fall and spring when visitor numbers are low in order to reduce the length of the layoff period.

Two Parks classifications, Parks Worker and Building and Grounds Worker, comprise 58% of the u-c costs in the study area. A review of the position descriptions previously cited indicates that they are closely tied to visitor services and facility maintenance. A labor pool moving between parks could not provide the level of service necessary at each park to sell tickets, answer inquiries, haul trash and maintain sanitary systems. These services must be provided at each park simultaneously and, therefore, dictate that each park must have its own crew of Parks Workers and Building and Grounds Workers.

In summary, fully two-thirds of the unemployment compensation liability in the study area is generated by Parks staffing patterns. The Parks operation reflects the external influence of tourist visitation. Therefore, two-thirds of the u-c liability in the study area is a product of external seasonal trends which cannot be changed.

Fisheries work activities represent the next largest unemployment compensation payout in the study area at 25% of the total liability. Again, the employment season for Fisheries' seasonal staff is dictated by external and inflexible forces: open water, angling activity, and spawning and stocking cycles.

As Chart 1 indicates, the most active time for Fisheries seasonal positions corresponds almost exactly with the tourism season in the state parks. It is likely that Minnesota's sport fish will be as intractable as Minnesota's tourists when asked to change their seasonal patterns.

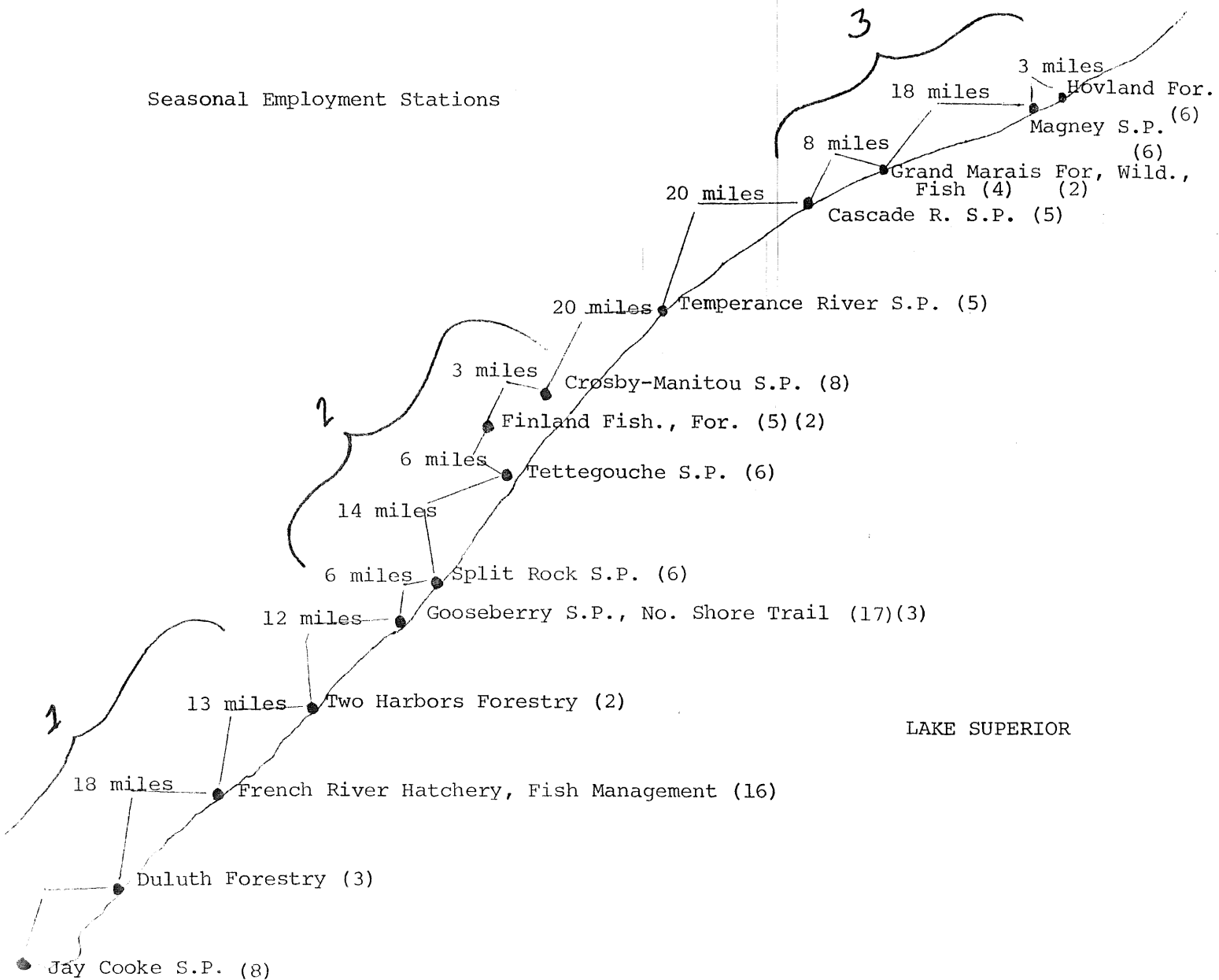
The North Shore workload is predominantly a summer schedule with fully 80% of the seasonal work force employed during the period May, June, July, August, September, and October. The survey of North Shore supervisors indicated that only six of the 101 seasonal positions could be shifted to the winter season. All of those six positions were, however, non-tenured laborers working on temporary projects for which funds have now expired. Project laborer positions work on specially funded programs that are characteristically of short duration and unpredictable from fiscal year to fiscal year.

During the study period, May 1983 to May 1984, only 13 seasonal positions were employed during December, January, and February. Six of these employees worked on trail grooming, two were working on forestry projects, two were employed as weekend parks workers in high use ski parks, two monitored oxygen levels in North Shore lakes, and one worked as a trail development laborer constructing trail shelters. It is apparent that there is not a significant year-round seasonal workload at the present time and that supervisors along the North Shore cannot shift their existing workload to create one.

Five of the six trail grooming positions were held by seasonal employees who took these trail laborer positions to extend their employment period after they were laid off from their regular seasonal jobs. This process of rotating into winter laborer positions from summer seasonal positions is used frequently to reduce u-c liability.

Geographic Distribution

Seasonal Employment Stations



() Seasonal Employees

Total distance between stations = 134 miles

35 mile zones

1. Duluth, French River, Two Harbors
2. Gooseberry, Split Rock, Tettegouche, Finland, Crosby-Manitou
3. Cascade, Grand Marais, Magney, Hovland

3. Work Categories Amendable to a Labor Pool

It is apparent that the greatest amount of unemployment compensation liability exists within classes which cannot be accommodated by a labor pool: Parks Worker and Building and Grounds Worker.

The next highest u-c liability class is tenured and non-tenured laborers who generate 31% of the department's u-c costs. In examining this class of employees for a potential labor pool application, two provisions must be met:

- a. the above cited travel expenses must be eliminated since those estimated costs for four 10-month laborers approximate the u-c costs for an existing seasonal laborer staff of 55 workers, and
- b. the reduction of non-tenured laborers cannot be encouraged since the average unemployment compensation costs per non-tenured laborer is only \$311.

The costs associated with a tenured laborer include an average of \$1300 per employee in u-c costs plus approximately \$2,000/year/employee in fringe benefits.

TABLE 3

Total Costs for a 4 person (10 month appointment) Labor Pool

Salaries:	2 laborers at Step 2 = \$15,700/person	=	\$31,400
	2 laborers at Step 3 = \$17,800/person	=	\$35,600
Fringe Benefits (medical, dental insurance, etc.)		=	\$ 8,000
Travel Expenses		=	\$24,000
Unemployment Compensation for 8 weeks \$200/week/employee		=	\$ 6,400
	Total Cost:		<u>\$105,400</u>

As Table 3 indicates, a four employee Tenured Laborer pool costs \$105,000 or the equivalent of about 37 non-tenured laborers at a current average total expense (Salary, u-c, expenses) of \$2,800.00 per employee. It would be unrealistic to expect the four person labor pool to replace 37 non-tenured positions scattered all along the North Shore.

The non-tenured laborer positions can be quite volatile. All 16 of the Parks non-tenured laborers during the study period are positions that were not funded during the subsequent fiscal year. These positions were funded through LCMR accelerated development and other short-term accounts. Given the volatility of these non-tenured work projects, the establishment of a labor pool of tenured laborers to carryout projects previously assigned to non-tenured laborers may aggravate the u-c problem. A fiscal year in which limited funding was available for short-term projects would increase the labor pool's time on layoff status.

There simply are not enough laborer positions which: 1) are funded from year to year; 2) uniformly spread throughout the year; and 3) are of sufficient scale to justify the creation of a labor pool.

In addition, the costs associated with increased benefits which accrue to a tenured laborer suggest that the continued use of non-tenured laborers (45% of the seasonal work force, only 16% of the u-c liability) is a cost effective practice.

Presently, when feasible, the procedure followed when short-term project monies are available is to appoint existing seasonal workers on short-term projects in their principal place of employment and discipline. Thereby, having the net effect of extending the work season of existing seasonal workers at the principal place of employment.

If the motivating force behind the creation of a labor pool is a reduction in unemployment compensation costs, there are, perhaps, better methods of achieving that cost reduction:

- a. It is the current practice of the Dept. of Natural Resources to pay unemployment compensation liabilities from an account that is held in reserve in anticipation of u-c costs. Few field managers are presently aware of how their hiring practices affect u-c liability or the actual u-c costs incurred at their station. So long as u-c costs are managed as a departmentwide problem, with the rewards and liabilities unrelated to the specific hiring practices of the individual manager, there is little incentive for the manager to face the political or regulatory complexities of an aggressive unemployment compensation reduction program.

With the ongoing development of a department cost accounting system, it may be possible to routinely identify unemployment compensation costs at the individual park or management unit. The consequences of a cost accounting system would be the ability to allow the management budget of the individual park or unit to rise or fall consistent with the individual manager's ability to reduce unemployment compensation costs.

- b. The Dept. of Natural Resources could create a series of three seasonal employment districts along the North Shore as noted on the map. Within each of the three seasonal labor pool districts, a roster of seasonal employees currently on layoff status could be maintained. Each supervisor would have a copy of the roster and would be instructed to hire from the roster if and when a seasonal position was created.

The seasonal labor pool districts are clustered so that all work stations are within 35 miles of one another. Therefore, a seasonal employee on layoff from one station could work at another

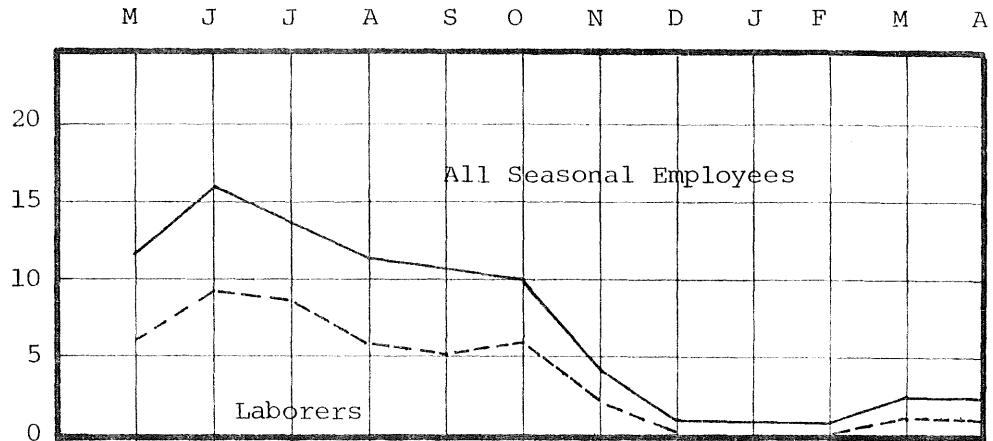
site within the pool area without creating a travel expense obligation to the Dept. of Natural Resources. Similarly, the 35 mile distance limitation would be consistent with Unemployment Compensation criteria for job comparability. A seasonal employee on layoff could lose unemployment compensation if he refuses work of a similar nature within a reasonable distance of his former work place. The four tests for work similarity are:

- (a) Within 35 miles of previous employment;
- (b) substantially similar type of work;
- (c) less than a 50% reduction in work hours; and
- (d) consistent wage and working conditions.

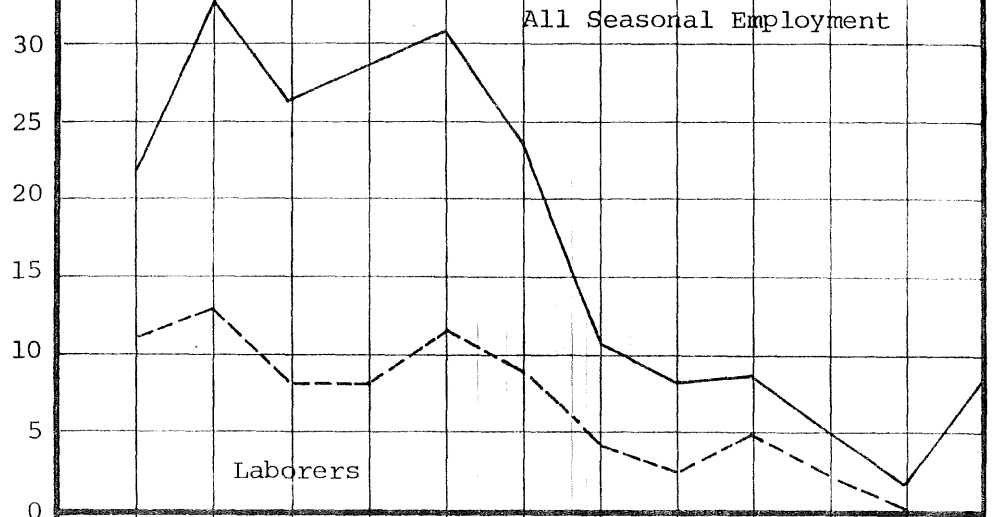
Any seasonal employee on layoff status and receiving u-c benefits who was offered a temporary job and refused (subject to the above listed 4 tests) would be liable for a suspension of u-c reimbursement.

While the maintenance of rosters may provide a seasonal extension for a limited number of employees, the following chart of seasonal employments trends by labor pool district is not encouraging. Seasonal laborer positions closely parallel the trends of other seasonal work. Therefore, it does not appear that significant numbers of laborer positions will be available when other positions go on seasonal layoff.

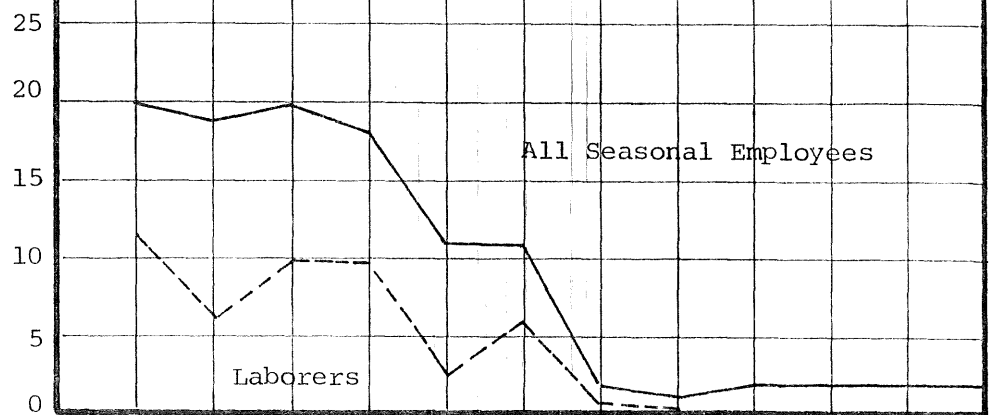
ZONE 3
 Judge Magney St. Park
 Hovland Forestry
 Grand Marais - For.,
 Fish., Wildlife
 Cascade River St. Park



ZONE 2
 Gooseberry St. Park
 No. Shore Trail
 Split Rock St. Park
 Tettegouche St. Park
 Finland Fish. & For.
 Crosby-Manitou St. Pk.



ZONE 1
 Fr. River Hatchery
 L. Superior Fish.
 Duluth Fish Res.
 Duluth Area Fish.
 Two Harbors For.
 Jay Cooke St. Park



Seasonal and Laborer Employment Trends By 35 Mile Zones

Conclusion: So long as unemployment compensation eligibility accommodates employees who voluntarily seek out jobs that are of seasonally limited duration, the Department of Natural Resources will incur significant unemployment compensation costs.

Conclusion

It does not appear that a labor pool would successfully reduce unemployment compensation liability within the North Shore study area specifically or within the Department of Natural Resources generally. Our seasonal work is temporally concurrent across all disciplines, tied to specific locations which must be staffed each day during the work season, and too geographically spread out to allow efficient use of traveling crews.

So long as unemployment compensation eligibility standards accommodate employees who voluntarily seek out jobs that are of seasonally limited duration, the Dept. of Natural Resources will incur significant unemployment compensation costs.