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August 7, 1992

TO: Marilyn Cathcart, Director
Legislative Reference Library
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FROM: Mary Shortall *Mary Shortall*
Assistant Commissioner

SUBJECT: **Plan for Staffing Adjustments and Organizational Restructuring in the Vocational Rehabilitation Activity as Required by 1991 Laws, Chapter 292, Article 1, Section 5, Subd 1**

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The following report was presented to the House Human Resources Committee of the Appropriations Committee on February 27, 1992.

REORGANIZATION DRS

My name is Mary Shortall, and I am the Assistant Commissioner for the Division of Rehabilitation Services in the Department of Jobs and Training.

During the last legislative session, there was a rider to the Department's appropriation bill which called for "the Commissioner of Jobs and Training to develop a plan for staffing adjustments and organizational restructuring in the Vocational Rehabilitation activity. The goal of the plan was to lower administrative costs and redirect resources to direct services to clients." We were to report back to the legislature in February 1992.

As of January 15, 1992, we have implemented the reorganization of the Division and I want to give the history of the process that was used and information about the outcome.

The rider came about because over the last several years the Division's resources, especially within the VR program, have been directed increasingly to funding positions, many of them administrative, while the counselor's case service budgets have remained relatively constant. This has in part been due to the fact that the state appropriation did not increase from 1983 to 1991. Also, because all Rehabilitation Services positions are federally funded, increase in federal appropriations have often been used to fund salary and benefit increases over the years.

Pursuant to 1991 Minn. Laws, Chap. 292, Art. 1, Sec. 5, Subd. 1

Even without the rider we would have needed to look at reorganizing if we were to meet client service needs. Also more importantly, Commissioner Brown was committed to the value of improving direct client services within the Department. She wanted the Department's services to be as client oriented and efficient as possible, and asked that we try to eliminate duplication and unnecessary management layers, and that, where possible, we structure according to a program rather than a functional model.

I hope to give you an overview of the process that was used in undertaking the restructuring and also a picture of the impact of the final restructuring on staff within the Division.

The situation:

First though, I want to describe what the situation was in DRS when I was appointed in July 1991, and started analyzing what needed to be done organizationally. The DRS structure was established 15 years ago and had not changed significantly since then except for minor adjustments in 1981 due to a large reduction in federal funds. In the Vocational Rehabilitation program, we had five regional administrative offices that had 15 staff. In the DRS administrative office at the 390 North Robert headquarters, we had staff that duplicated the DJT central administrative structure.

Consumer organizations and providers had expressed concerns over the last few years that the case service funds were not increasing even though the federal funds had been increasing for the last six years.

Clients were waiting longer periods of time to be determined eligible for services, and to start vocational planning. Counselors' caseloads had grown significantly over the last four years, from an average of a little over 100 to over 140 and rising. Counselors were asking for relief from heavy caseloads and during the 1990 legislative session, DRS had been unsuccessful in a request for state appropriations for new counselor positions.

There were complaints from outside groups about the problems they were having in getting decisions made. Providers gave examples of needing to talk with three different administrators within the Division and still having no success in getting a decision because responsibility and accountability for some things were spread out between so many administrators.

Staff, especially direct service providers, were concerned about communication problems and the perspective that we essentially had five different programs because of the regional structure.

Finally, the number of supervisory and management positions had grown dramatically over the last five years and there were many instances where we had supervisors or managers with a very limited span of control, in some instances, only two or three people. Overall, the average span of control for the Division was one to seven.

The restructuring plan:

Before settling on the revised structure for the Division, staff, consumer groups and providers were asked for their opinions about the types of services and the things they thought we should be doing to improve our services. We also initiated discussions with the Bargaining Units at about the same time. There was an enthusiastic response and many good suggestions that were then taken into consideration in developing the restructuring plan.

A copy of the letter that was sent to both staff and external groups is in your packet, dated September 23, 1991.

The plan that was proposed in November, and then finalized in early December, eliminated the five regional area offices. This affected 15 positions, by creating seven new or revised positions to provide the support to the direct service staff and to providers.

In the DRS administrative office, eight positions which duplicated positions in the Department support division were eliminated. This included public information, data processing, legislative liaison, and research positions.

In December, five new counseling positions were added; two others had already been added in July.

One layer of supervision was eliminated in both the DRS administrative office and in the VR field service area. As a result of this, the supervisory to staff ratio was changed to 1 to 12 in the VR field service area, it previously had been 1 to 6.5.

As a result of the restructuring, $900,000 dollars were shifted from administrative costs to direct services. An additional $300,000 were redirected to new administrative positions.

There are two organizational charts in your packet, one showing the entire Department structure, the other showing the VR activity before and after the reorganization.

Impact on staff:

In terms of the impact on staff, reorganizations are always stressful to staff. Because it was announced that where possible we would reduce the layers of management in May 1991, and then with more certainty in August, there were several months of anxiety until the reorganization was implemented in January. The necessary thought and deliberation that went into the reorganization planning process, probably prolonged the uncertainty for staff.

I started working with the unions and staff representatives from MAPE, AFSCME and MMA in early October to discuss the general need for reorganizing and to get their ideas about the process to use. As the plan started to take shape, they were consulted regarding ways to minimize impact on staff and to get their impressions on the general direction.

The final reorganization plan resulted in eliminating 23 positions, of which some were already vacant, and created 12 new positions. Staff in 18 positions received layoff notices, and after all options within the union contracts and managerial plans were carried out, all staff (except one) have jobs in either the newly created positions, or other options within the Department. One employee is in the process of claiming a job within another department. One employee who bumped into the Division in July as a result of SSB layoffs is now on layoff.

Twelve staff experienced salary reductions and six experienced no change in pay. For the three managers having pay cuts, the average reduction was $4.31 an hour, for the four MMA employees there was an average reduction of $1.66 an hour and for the five MAPE employees an average reduction of $1.28 an hour.

Closing:

We have worked to minimize the impact for individuals as much as possible, and where people have experienced demotions, we are continuing to work to improve their situations.

This restructuring, although to some it might seem like a goal in itself, is just the beginning of working to improve consumer services. We are moving ahead to expand the choices that we are able to offer to consumers and on improving the employment outcomes for the people we serve. Although reorganizations certainly cause anxiety for staff, at the same time they can also signal the fact that there is a need to fundamentally change the way we do things.

When I present the budget request a year from now, I hope to describe those changes more fully. I would be glad to answer any questions that you have.