

Reorganization of State Executive Branch Agencies
A Summary of Findings
Prepared for the Maine Natural Resources Task Force
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Take Home Points

- 1. There is little conclusive evidence that restructuring will generate fiscal savings.**
- 2. While there is evidence that state agencies have successfully implemented reinvention strategies, there is not much material that evaluates the success of these strategies in achieving specific outcomes.**
- 3. When compared to states with similar rural characteristics, Maine ranks quite favorably in terms of staffing and expenditures allocated to natural resources functions.**
- 4. Although too new to evaluate, there are several models of restructuring that may serve as guides for this task force.**

The Four Tides of Government Reform (Light, 1997)
Or: Haven't I Seen This Before?

1. *Scientific Management*
 - Based on classical principles of public administration
 - Efficiency is achieved through specialization and hierarchical arrangements

2. *The War on Waste*
 - Stresses improving government through focus on economic efficiency and legal oversight

3. *The Watchful Eye*
 - Frames government performance through a lens of exposing corruption and promoting transparency and openness

4. *Liberation Management*
 - Make government better by focusing on higher performance, competition, deregulation, and entrepreneurship

Key Findings on Outcomes of Restructuring Efforts

- Fiscal savings
 - Academic literature and Council of State Government findings through 2003 suggest that reorganization rarely generates short term fiscal savings
 - Evidence of long term savings is inconclusive
 - Study of 16 state reorganizations from 1965-1975 found no statistically significant change in long term expenditures for any state and a statistically significant reduction in agency employment in only three states (Meier, 1980).
 - Study of 22 state reorganizations from 1965-1986 found that, with one exception, fiscal savings were not projected, were never measured, or failed to materialize (Conant, 1988).
- Other Outcomes
 - Two surveys of state agency reinvention efforts show wide variation in implementation rates of proposed changes (Wright 1994, 1998)
 - Highest implementation rates were for development of mission statements, customer service training and customer service measurements, quality improvement programs, decentralization of decision-making, and establishment of outcome benchmarks
 - Lowest rates were for reduction of hierarchical levels, discretion in budgetary matters, simplification of human resources rules, and privatization of programs
 - An informal review of recent state reinvention measures suggests that most of these measures relate to performance budgeting, outcome-based governance, and customer-centered reform.
 - While there are several recent innovative approaches to inter- and intra-agency restructuring, these approaches are too new to demonstrate long term results.
- All Outcomes
 - The quality of agency performance benchmarks, outcome measurements, and outcome reporting varies widely from state to state
 - Done poorly, restructuring efforts will not only fail to achieve desired goals, they may result in serious negative consequences
 - Department of Natural Resources under the Chiles administration in Florida, 1991-1998
 - Michigan Department of Environmental Quality reorganization 2002

Maine Natural Resources: The Fiscal Picture

Summary of Fiscal and Demographic Data Comparisons for Natural Resources Functions in 14 States and the Nation

Economic/Demographic Factor	Maine (Sample Rank)	Comparison States average	National average
Natural Resources spending as percent of income (from Brookings Report)	0.32%	0.35%	0.22%
State employment (FTE/10,000 population)	160 (10)	194	142
Natural Resources Employment (FTE/10,000 population)	7.82 (8)	10.29	4.93
Natural Resources Employment as percent of total state employment	4.9% (7)	5.13%	Not calculated
Natural Resources employee per square mile of land area	0.033 (9)	0.095	Not calculated
Natural Resources payroll as percent of total state payroll (March 2005)	5.25% (6)	4.90%	Not calculated
Average pay per natural resources employee (March 2005)	\$3,816 (5)	\$3,322	\$3,678

Source: Book of the States 2007, Council of State Governments

Comparison states:

Rural states as defined in the Brookings Report: *Charting Maine's Future*

Arkansas
Iowa
Mississippi
Montana
North Dakota
South Dakota
Vermont
West Virginia
Wyoming

Geographic neighbor

New Hampshire

High performing states as defined by Pew Center on the States, *Grading the States report*

Washington
Virginia

Other

Minnesota (subject of an article on consolidation in the Maine Sportsman)

Findings of Note

Vermont

<http://www.anr.state.vt.us/site/cfm/tvwf/index.cfm>

The Vermont Way Forward

What it is: Organizational model that structures the natural resources agency into a series of centers focused on particular problems. This model, initiated in 2007, is intended to *break down departmental and divisional walls* (Vermont state website) as it leverages expertise and technology within ANR and other state agencies.

Examples:

Clean and Clear: Water quality program involving ANR and the departments of Agriculture and Transportation. Major focus is to implement federally mandated phosphorus reduction actions by 2009 instead of 2016.

Strategies include:

- River management program to stabilize river and stream banks
- Improvements at waste water treatment plants
- Requiring BMP for storm water management on impervious surfaces
- Increased monitoring and enforcement for the Erosion Control at Construction Site Program
- Better Backroads Program which provides grants to reduce phosphorus runoff from local roads
- Future requirements may include vegetated buffer strips or manure management structures
- Funds for watershed coordinators, volunteer monitor training, and education

Center for Habitat Management: Development of a Holistic Habitat Management Plan for habitat on state lands, private lands, and habitat management in state waters. The Center coordinates efforts of Fish and Wildlife; Forests, Parks, and Recreation; and Environmental Quality.

Limitation: Because of its newness, it is not possible for me to evaluate the performance of this initiative.

Iowa

http://www.psg.us/resources/pdfcontent/psg_iowa_final2.pdf

Improving Government

What it is: Improving Government was a partnership between the State of Iowa and the Public Strategies Group (PSG). Under the contract, which ran from 2001-2007, PSG developed a management system based on performance budgeting and outcome achievement. This effort followed three years of fiscal shortfalls during which Governor Vilsack achieved cost savings through a combination of agency restructuring, hiring freezes, spending cuts and other traditional means. However, when these measures did not result in sufficient fiscal benefits, the partnership was formed.

According to the PSG website, the goals of this effort included:

- *Customer driven service*
- *Cost savings at all levels*
- *Rewarding employee achievement*
- *Developing an entrepreneurial cultural in state government*
- *Redirecting decision making powers from upper level management and employees to individuals and work teams*

PSG claims that **Improving Government** saved Iowa over \$175 million over two years. However, I was unable to find any independent verification of this claim.

PSG did not charge a direct fee for their work. Instead, they negotiated the right of first refusal for development work on new programs or services the State of Iowa may initiate. As a rule, PNG does not accept payment unless it meets the agreed outcomes of its contracts.

Limitation: Some of the evaluation standards appear weak. For example, one of Iowa's performance goals for Conservation, Preservation, and Stewardship is the designation of 200 municipalities as Tree Cities by the Arbor Day Foundation. This designation only requires the following: a municipal tree board or department, a tree care ordinance, a community forestry program with a budget of \$2 per capita, and observance of Arbor Day.

California

<http://www.calepa.ca.gov/CUPA/>

California Unified Program

What it is: The **Unified Program** is a partnership between the State of California and local governments to implement six regulatory programs that deal with hazardous wastes. According to the program website the intent of the Unified Program is to *consolidate, coordinate, and make consistent the administrative requirements, permits, inspections, and enforcement activities of six environmental and emergency response programs*. These programs largely deal with the management of hazardous waste. The State agencies establish standards for the programs and local agencies that have been certified by Cal/EPA are responsible for permitting, inspection, and enforcement.

The Unified Program claims a number of successes. The website notes that for FY 05/06, the local agencies conducted over 40,000 inspections, engaged in more than 15,000 informal enforcement actions, and generated over \$9,000,000 in penalties for administrative, civil, or criminal violations

Limitations: Many of the Certified Local Agencies are city or county health departments, fire departments, or emergency response programs. It is unclear that Maine has a local government structure or the depth of local expertise to carry out the implementation of this type of program.