

Fiscal
Opportunity
Study

FINAL
REPORT



State Administration Staffing – Better Information Needed to Objectively Assess Possible Savings Opportunities

Report No. SR-SAS-07

a report to the
Government Oversight Committee
from the
Office of Program Evaluation & Government Accountability
of the Maine State Legislature

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OPEGA is an independent staff unit overseen by the bipartisan joint legislative Government Oversight Committee (GOC). OPEGA's reviews are performed at the direction of the GOC. Independence, sufficient resources and the authorities granted to OPEGA and the GOC by the enacting statute are critical to OPEGA's ability to fully evaluate the efficiency and effectiveness of Maine government.

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EXECUTIVE SUMMARY

State Administration Staffing – Better Information Needed to Objectively Assess Possible Savings Opportunities

Introduction

The Maine Legislature’s Office of Program Evaluation and Government Accountability (OPEGA) has completed a fiscal opportunity analysis of State administrative staffing. OPEGA conducted this study at the direction of the joint legislative Government Oversight Committee, in accordance with 3 MRSA §991-997.

The study focused primarily on potential opportunities to reduce administrative costs in State government related to upper level administration and organizational structure.

The GOC included this study in OPEGA’s biennial work plan as part of a broader effort to identify opportunities for improving the State’s financial situation. The study focused primarily on potential opportunities to reduce administrative costs in State government related to upper level administration and organizational structure.

OPEGA used the term “upper level administration” as a means to specify the group of positions considered to be within the study’s scope. This group was meant to include executive level positions and all other positions that primarily perform work supporting executive level functions. This definition differs from the way State positions are currently categorized, classified and perceived by the Administration. These differences impacted our ability to determine, within the timeframe for this study, which specific State positions truly met our criteria for “upper level administration”. We did, however, perform analyses on a larger group of positions that includes those we had hoped to focus on. The results are discussed in the Detailed Analysis section of the Full Report and were used in developing our recommendations.

OPEGA compiled and analyzed personnel data from the State’s data warehouse and reviewed departmental organizational charts. We researched similar administrative streamlining efforts by other states and municipalities, as well as organizational theory regarding ratios of management to staff and organizational layers in public and private organizations. We also gathered information about how positions are established in Maine, as well as the benefits provided to certain categories of positions.

Summary

We were unable to determine whether real cost savings opportunities exist within the timeframe for this study.

OPEGA was unable to determine whether there are real opportunities for cost savings associated with upper level administration and organizational structure in the State due to the lack of a meaningful foundation on which to complete an objective study. For example, standardized, consistent organizational charts that adequately delineate organizational structure based on reporting relationships or functions do not exist for all departments. OPEGA believes, however, that it would be worthwhile to continue efforts to seek potential savings in State administration staffing. Our suggested actions would place the State in a better position to make reasoned decisions that may produce sustainable savings in future biennia.

Recommendations

We recommend the State continue with a comprehensive, longer-term approach to evaluating the State's current organizational structure and resources devoted to administration.

OPEGA generally recommends taking a comprehensive, longer-term approach to evaluating the State's current organizational structure and the resources devoted to administration. Such an approach does not provide short-term savings through immediate elimination of positions. However, we believe it is more likely to produce sustainable reductions in administrative costs, where appropriate, while still maintaining or enhancing the effectiveness of important government functions and programs. To facilitate such efforts, OPEGA suggests the Legislature consider:

To facilitate these efforts, the Legislature should consider requiring standardized organizational charts for all departments; establish a way to monitor position changes over time; and direct a market study of compensation packages for upper level positions.

- A. Requiring all departments to biennially submit uniform, accurate organizational charts depicting reporting relationships for all positions and functions. The Executive and Legislative Branches could use these charts as one tool to assist with sound organizational analysis that focuses on aligning structures, systems and processes to achieve strategic objectives.
- B. Establishing a mechanism for more comprehensively monitoring department and State-wide trends or patterns in position changes over time, and whether the cumulative effects of individual position changes are as expected given the changing nature of work and past restructuring efforts.
- C. Directing the Department of Administrative and Financial Services to conduct a market study of total compensation packages (salary and benefits) for the types of positions included in Administrative Units H, M, O, X, Y and Z. The results would be beneficial in identifying whether adjustments to current compensation packages are warranted to increase success in recruitment and retention or reduce personnel-related costs.