



# *South Dakota Legislative Research Council*

## *Issue Memorandum 96-25*

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### **REORGANIZATION OF THE DEPARTMENT OF TRANSPORTATION**

#### **Introduction**

A task force appointed in 1995 to review the South Dakota Department of Transportation made a number of recommendations that would change the way the Department operates. Several of these recommendations have already been implemented in 1996. This issue memorandum will describe the task force appointed to review the Department, explain the Department's new organizational structure, detail the full-time equivalent (FTE) reductions, and explain some other cost saving measures that the Department will implement.

#### **Task Force**

Governor Janklow appointed a task force in October 1995 to review the organizational structure and operation of the Department of Transportation. The goal of the task force was to identify methods and make proposals for increasing the efficiency and effectiveness of delivering services to the public. The task force formed five subcommittees that reviewed the following areas: overall department structure; Division of Planning; Division of Engineering; Division of Operations; and Division of Aeronautics, Rail, and Transit. Each subcommittee reported its findings and recommendations to the entire task force.

The task force issued a report on February 27, 1996. The report contained 38 recommendations that the entire task force agreed upon for using transportation dollars

more effectively. These recommendations are listed at the end of this issue memorandum. The task force concluded that if all the recommendations are implemented, there is a potential to redirect significant dollars annually from administration, overhead, inefficiency, inappropriate standards, and other support activities to needed reconstruction of the interstate highway system in South Dakota. Twenty of these recommendations had been fully implemented by September 1996.

#### **Reorganization**

The task force recommended streamlining the top level organization structure in the Department of Transportation. This was accomplished by reducing the number of divisions from four to three. Part of the Division of Planning and Support Services and the Division of Engineering were consolidated and renamed the Division of Planning and Engineering. The other part of the Division of Planning and Support Services and the Division of Rail and Local Government Assistance were consolidated and renamed the Division of Fiscal and Public Assistance. This task force recommendation also eliminated the Deputy Secretary position and replaced it with a new Administrative Assistant position. Figure 1 shows the old organization and Figure 2 shows the new organization for the Department of Transportation.

The task force also determined there were too many supervisors in the Department of



Transportation. Before the reorganization, the Department reported that there was one supervisor for every four employees. After the reorganization there is one supervisor for every ten employees. To achieve this, certain individuals lost their supervisory status and some had their positions down graded.

**FTE Reductions**

On June 6, 1996, Governor Janklow announced there would be a reduction of 250 FTE in the Department of Transportation over the next three months. This was the net result of eliminating 300 FTE and creating 50 FTE as new seasonal positions. The 300 FTE that were eliminated are itemized as follows:

67	Vacant Positions
1	Internal Audits
1	Print Shop Operator
3	Finance Clerks - Pierre
5	Region Business Clerks
5	Operation Support Engineers
7	Area Secretaries
1	Deputy Secretary
12	Area Maintenance Coordinator Engineers
7	Parts Room Clerks
173	Highway Maintenance Workers
6	Planning Engineers
<u>12</u>	Project Engineers
300	Total
<u>(50)</u>	Seasonal Positions Created
250	Actual FTE Reduction

The task force determined that the Department of Transportation had hired full-time maintenance workers at a level necessary to handle the peak workloads that occur during summer construction and winter snow plowing seasons. Since these peak workloads represent a small percentage of the total working days in a year, the task force believes seasonal employees could be

hired during these times.

Some people are concerned about using seasonal employees, especially for plowing snow. These individuals believe there are skills and safety measures involved with plowing snow. However, the task force stated the following in its report:

“In the winter snow plowing season we could use a couple of approaches; contract more snowplowing from contractors who have the equipment, are willing, and are competitively priced. When these conditions cannot be found then we should hire local people who have or can get a commercial driver’s license. These could be farmers, who are not busy in the winter, or construction workers who are idled in the winter. We might have some training expense and we might have to guarantee a certain number of hours per month, but we would not have to pay benefits or salaries the rest of the year when they’re not required. We also recommend exploring policies to move equipment and personnel where practical from region to region or area to area with the storms that hit. Other SD Department of Transportation personnel not currently utilized to plow snow could be licensed and trained to do so.”

**Other Cost Saving Measures**

The Department of Transportation plans to combine its print shop with other printing operations in state government, consolidate inventory clerk functions, and merge department training with Bureau of Personnel training programs. The highway shops at Elk Point and Hill City will also be closed.

The Department of Transportation estimates that the reorganization and cost saving measures could save \$7,000,000. The task force recommends that these savings be redirected to reconstruct the interstate highways in South Dakota. Any savings should appear in the Governor's FY98 budget presented to the Legislature during the 1997 Legislative Session.

#### **A Historical Note**

Governor Janklow reorganized the Department of Transportation in 1983. The four major changes that the Department experienced then were (1) reorganization of the South Dakota Transportation

Commission, (2) implementing an area engineer concept because of excessive levels of supervision in certain departmental functions, (3) closing certain maintenance shops and department headquarters, and (4) realignment of the department's divisions. The 1983 reorganization of the Department of Transportation is discussed in more detail in LRC Issue Memorandum 83-11. The 1996 reorganization revisited many of the same issues that the 1983 reorganization addressed.

#### **Summary**

The recommendations made by the task force and implemented by the Department of Transportation will change the way the Department operates. The Governor's FY98 budget recommendation should include the savings from the Department's reorganization. It is too early to determine the outcome of eliminating the large number of full-time maintenance workers and using seasonal employees for peak workloads.

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**This issue memorandum was written by David L. Becker, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.**

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## **Task Force Recommendations**

(These were taken from Governor Janklow's South Dakota Department of Transportation Review Task Force - February 27, 1996. The report gives a detailed explanation of each recommendation.)

1. Streamline the top level organizational structure.
  2. The Department of Transportation should strive to attain a much higher span of control.
  3. The Aeronautics Commission should be given more authority or consolidated into the Board of Transportation.
  4. The procurement of parts should be centralized.
  5. Reduce the staffing level in the Division of Operations at the central office and reassign the work and some of the staff to the regions and to the Division of Planning and Engineering.
  6. Department of Transportation training should be consolidated under the Bureau of Personnel.
  7. The drug and alcohol testing function should be conducted by the Bureau of Personnel.
  8. Local Government Assistance office should be consolidated into a new Division of Administration.
  9. The staff should be reduced in the aeronautics area.
  10. The culture of the organization needs to change.
  11. Regional engineers and other engineers whose responsibilities are as much management as engineering should have more emphasis put on the requirement for management skills and leadership.
  12. Positions in the Department of Transportation who have supervisory or professional project responsibility should be reviewed to determine if they qualify under the Fair Labor Standards Act as exempt employees.
  13. The Department of Transportation should develop a method to better account for costs associated with its activities.
  14. Develop an agreement with the counties where it is advantageous to accept only state funds.
  15. Expand on the concept of intergovernmental sharing or joint utilization of resources.
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16. The federally designated enhancement moneys should be better utilized.
17. The computer formula and the weighting factors used to determine the State Transportation Improvement Plan should put more emphasis on interstate highway reconstruction.
18. A review of all policies relative to highway standards should be conducted and reported on.
19. A new policy should be developed to establish what incentives or disincentives will be applied to all highway construction/reconstruction projects.
20. The Department of Transportation should expand the concept of value engineering within and utilize more partnering agreements on major construction contracts.
21. The Division of Engineering should develop a set of standard designs for as many roads, bridges, box culverts, and other designs as possible.
22. The fleet procurement policies and management system need review.
23. The Department of Transportation policy on per diem meal allowances should be revised.
24. Establish a policy and procedure for department public relations.
25. Conduct a process review in all divisions.
26. Continue to automate the weather tracking system and eliminate manual duplication.
27. The Division of Planning and Engineering should highlight any federal requirements that do not seem appropriate for South Dakota.
28. Review and correction of all engineering plans be done on-line.
29. The right-of-way section in the Division of Engineering should create all appraisal and negotiation files electronically.
30. The central materials laboratory and the Pierre regional operations laboratory should be consolidated and response time standards set.
31. The privatizing of some activities should be pursued as quickly as is economically practical.
32. Healthy comparisons and competition between the regional operations should be encouraged.

33. The full-time staffing level of all operational maintenance crews should be based on the spring or fall workload. Seasonal employees or other means should be used for the peak loads that occur during the summer construction season and at certain winter snow plowing times.
34. Eliminate the duplications that occur in the regional business functions and the central finance functions.
35. Increase the fees charged for highway logo signs and tourist oriented directional signaling.
36. A review should be conducted of the maintenance shop locations to determine if any can be eliminated or the management consolidated.
37. Eliminate the intercity bus program to better utilize the designated transit funds.
38. The Transportation Board should salvage and/or dispose of the banked rail lines from Kodaka to Caputa and Napa to Platte.