



# South Dakota Legislative Research Council

## Issue Memorandum 96-26

---

### Update on Consolidations of Personnel, Computer, Fleet, and Inspection Activities

#### **Introduction**

When an organization wants to optimize, it must look at the primary goals of the optimization. Does the organization want reduced costs or more flexibility? If *reduced costs* are of great importance, the organization must look toward strategies that deliver economies of scale (i.e., consolidation of assets, people and functions into centralized offices). If *flexibility* is the primary goal, the organization must put assets, people, and functions closer to the end user. As with most goals, they are evaluated and changed over the years. The goals surrounding the decision to centralize or decentralize are no exception.

The Bureau of Administration (BOA) embarked on a cost-cutting mission in FY96 and chose the centralized method of providing services to state agencies as a way of reducing costs to state government. With the current trend to down size, BOA has consolidated the areas within computer services, personnel services, and fleet management.

Another function consolidated in state government was the inspection function. Although it isn't a central service, it is a function performed by many state agencies which lent itself well to the consolidation efforts.

#### **Personnel Services Consolidation**

Before FY97, each agency employed a personnel officer and many agencies also employed at least one personnel assistant to perform various personnel functions. These employees had to comply with the Bureau of Personnel (BOP) rules and policies, but took direction from the agency. Their duties included preparing the payroll, maintaining personnel records according to state and federal guidelines, assisting new employees, explaining benefit packages, helping employees with grievances, and announcing vacant positions.

Since the consolidation, their duties have remained relatively the same; however, the personnel employees work directly for the Bureau of Personnel and serve more than one

agency. This consolidation is complete and has reduced the number of FTE required to perform these functions from 46.0 to 31.0, creating a savings of 15.0 FTE. The Bureau of Finance and Management (BFM) has estimated the personnel consolidation will save \$297,469 in general funds; \$306,259 in federal funds; and \$121,634 in other funds.

### ***Fleet and Travel Consolidation***

The Bureau of Administration originally bought and managed all vehicles for state government. As departments required specialized vehicles (four-wheel drives, drill rigs, etc.), the centralization of the state's fleet weakened. Over the years, departments added non-specialized vehicles (passenger cars, mini vans, etc.) to their private fleets by justifying the purchases as federal (or other restricted fund) vehicles for specific program use only. Along with increased budgets for vehicles came increased budgets for maintenance of the growing decentralized agency fleets.

Beginning in FY97, the Bureau of Administration is once again centralizing the vehicle and travel functions of state government. BOA now owns all state vehicles that were purchased with general funds and will own the federal vehicles as replacements are made. More than 600 vehicles will be surplused and

sold in the upcoming years with a portion of the proceeds going toward federal replacement vehicles.

BOA is now responsible for scheduling, purchasing, maintaining, and repairing all state vehicles. Agencies "lease" vehicles from the Fleet and Travel Office on a per-mile basis. A portion of the vehicle budget (capital assets) and the vehicle maintenance and repair budget (supplies and materials) was left in the agency budgets to cover this expense. Special-use vehicles are "permanently leased" to certain agencies, but that does not prevent any other agency from using the vehicle.

The vehicle usage rate for an intermediate sized passenger car is .20 cents per mile. That usage fee has increased only two cents in the last seven years. Similarly, the rate for a four-wheel drive pickup is 30 cents per mile and has increased only nine cents since 1989.

The savings of the fleet consolidation will not be realized in the first year; however, with the reduction of purchases, increased maintenance, and better coordination, BFM estimates the savings will be \$800,000.

### ***Computer Consolidation***

When personal computers (PC's) were introduced to state government in the mid '80s, the goal of management was to provide a support service from one office (centralized system). As the popularity and necessity of computers grew, so did the need for more immediate support. During the early '90s, most agencies employed their own computer experts to provide the immediate support agency users required, thereby creating a decentralized system. This issue is not unique to South Dakota state government. Most governments and businesses are wrestling with the issue of (de)centralized support for computer users.

The new organizational chart shows all computer positions located in the Bureau of Information Technology (BIT); however, most of them are physically located in different buildings across the campus. The Bureau provides support for both mainframe computers and personal computers; maintains the local computer networks; provides access to the Internet and wide-area networks; evaluates and purchases all software and hardware; and provides application development (mainframe and PC programming). These services are billed back to all agencies.

The computer consolidation is not complete, although BFM estimates the savings will be 43.5 FTE and \$2,985,015 (\$525,909 general funds). The final step, transferring data from the mainframe moved from Vermillion to the Pierre mainframe, will be completed within the next year.

### ***Inspection Consolidation***

The inspection function was also consolidated in FY97, even though it was not a central function tied to the Bureau of Administration.

Inspectors from the departments of Agriculture, Education and Cultural Affairs, Social Services, Health, Lottery, and Commerce and Regulation previously traveled South Dakota performing various inspections to ensure compliance with state rules and regulations.

The new inspector system sends one person to inspect some or all of the following at commercial businesses and public facilities: heavy scales and retail scales; fertilizer and pesticide sales; nutrition reviews; fireworks; fire safety and code compliance; campgrounds; eating, drinking, and sleeping establishments; lottery establishments and machine inspections.

The consolidation reduced the number of FTEs by 8.5 and BFM estimates the total saved to be \$298,493 (\$267,601 in general funds).

Inspections that were not of the “check list” variety are still performed by the agencies. The Department of Education continues to do inspections for the Child and Adult Nutrition menu analysis, day care home sponsors, the Food Distribution Program on Indian Reservations, and commodity programs at hospitals and nursing homes. The South Dakota Lottery performs pre-licensing inspections and investigates any rule violations. Inspections of adoptive and foster homes, group care centers, residential treatment centers, child

placement agencies, maternity homes, and independent living preparation programs are still conducted by the Department of Social Services. The Department of Agriculture continues to do rural inspections including apiaries, dairy farms, poultry farms, nurseries (bedding plants, trees), and harvest equipment. These inspectors also investigate fertilizer and pesticide spills and complaints.

### *Summary*

Although the consolidations are not completely done, management is making strides to reduce the size of government while retaining the level of service to which agencies and citizens are accustomed.

---

**This issue memorandum was written by Ann M. Mertz, 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.**

---