



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

TESTIMONY PRESENTED TO THE GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE

March 2, 2011

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Testimony Regarding Senate Bill No. 1059

AN ACT CONCERNING THE RECOMMENDATIONS OF THE COMMISSION ON ENHANCING AGENCY OUTCOMES

Good morning Senator Slossberg, Representative Morin, Ranking members Senator McLachlin and Representative Hwang, and distinguished members of the Government Administration and Elections Committee. I appreciate the opportunity to testify before you regarding the recommendations of the Commission on Enhancing Agency Outcomes.

As Secretary of the Office of Policy and Management, I appreciate the task you've taken on and the many hours of hard work and analysis that have gone into the recommendations before you. Finding savings in the structure and functioning of government is necessary and difficult work. I hope that today's discussion is part of a continuing dialogue on how we can make Connecticut government more responsive and efficient.

As has been widely discussed, Governor Malloy's proposed budget also seeks to find savings through reorganization and consolidation. We believe the Governor's budget proposals are a solid and balanced approach to the remaking of state government. There are a number of areas where the recommendations of the Commission (and therefore, the proposed changes within SB 1059) would either duplicate, negate or otherwise conflict with the Governor's proposals. Outlined below are top-line explanations of where those inconsistencies occur, as well as our analysis of each:

- The bill would transfer the Division of Special Revenue to the Department of Revenue Services (Sec. 2). This is in conflict with the Governor's proposal to transfer this division to the Department of Consumer Protection, as we believe DSR is a more consumer-driven division.

- The bill would create the Connecticut Economic Development Authority as a successor to the Department of Economic and Community Development (DECD) (Sec. 24 -248). This proposal for an economic development “mega agency” conflicts with the Governor’s plan to merge several economic development General Fund entities (DECD, OWC, CCT and some DOL workforce programs) and to strengthen the presence of DECD on the three quasi boards (CII, CDA and CHFA). We believe that creating a new and larger economic development agency, while well intentioned, would have major collective bargaining, human resources, and physical space issues, and is therefore not a workable solution for the state.
- The bill would require the Department of Social Services to develop a plan for joining the state’s prescription drug program administered by the State Comptroller for the state employee and retiree prescription drug plan (Sec. 282, 283, 288 – 293). This would likely result in DSS incurring significant administrative and system costs in order to implement the change. The Governor’s budget assumes DSS’ reimbursement levels will be reduced to align with those under the state employee and retiree programs – this recommendation is consistent with the recommendations of the federal Centers for Medicare and Medicaid Services, which advised that mirroring the rates would be more efficient and less administratively burdensome.
- The bill would require the Secretary of OPM to review all existing PSA contracts with terms of three years or more in order to determine which agreements are good values to the state, and to then recommend changes which will result in a savings of 10% of the total contract amount (Sec. 294). While we are certainly supportive of the idea of maximizing contracts that are of “good value to the state,” the only guidance provided by this section regarding how such savings might be achieved is that the Secretary is to, “assume a preference for fewer long-term contracts, restrictions on amendments, greater outside evaluation of need, and greater use of contingency contracting.” The Secretary already reviews requests for PSA contracts; as such, we do not believe that the proposed review and assumed preferences would yield significant savings, let alone 10%.
- The bill would require that all procurement contracts achieve 10% reduction in costs by utilizing “modern procurement practices” (Sec. 297). Unfortunately, a uniform target reduction across all types of contracts is neither achievable nor realistic. In order to fully implement “modern procurement practices”, considerable work will need to be completed by agencies to build the tools needed to conduct listed procurement methods. Costs associated with attaining the resources required to adhere to mandatory procurement practices will offset savings achieved, and greatly divert funds and personnel from other necessary programs.
- The bill requires DSS to adopt a long-term care rebalancing strategy that meets the objectives of the State Balancing Incentive Payments Program (established under the Affordable Care Act) and establishes a goal to reduce the state nursing home bed ratio to the national nursing home bed ratio by 2017 (Sec. 302). The Governor’s

budget assumes considerable nursing home savings as DSS seeks to expand its Money Follows the Person (MFP) initiative. In the upcoming biennium, over 1,500 Medicaid clients will be transitioned from long-term care facilities back to the community, with over 5,200 transitions by 2016. As part of MFP, DSS will be receiving federal support to help nursing facilities diversify their existing business model by restructuring and reducing the number of skilled nursing beds.

- The bill requires DRS to hire additional audit and collection staff (Sec. 303). The Governor's proposed budget does not contain funding for these staff. The budget does include \$740,000 for collection software to help with collection efforts, which will result in \$6.0 million in FY 12 and \$18 million in FY 13.
- The bill requires that all Executive Branch agencies achieve a 10% reduction in energy costs in FY 2012 and a 30% reduction by 2023 (Sec. 306). While this is a worthy goal, the bill seeks to legislate an outcome without any support to achieve that outcome. While we certainly support reducing energy usage and costs, goal-setting in and of itself doesn't help get the job done. Instead, we believe this concept (and others) should be reviewed in context with the proposed consolidation of energy policy within the Governor's budget.
- The bill directs the Department of Social Services (DSS) to develop a state-wide single point of entry system for long-term care services (Sec. 309). DSS is currently operating, through federal funding, three Aging & Disability Resource Centers (ADRCs) which serve as the single point of entry system described in this Section. Creating a state-wide system would require the development of two additional ADRCs. There is no funding included in the Governor's Budget for such an expansion and no additional federal dollars available. Therefore, we are not able to support an expansion of the ADRCs at this time.
- The bill would require the Secretary of OPM to direct an employee within the Policy Development and Planning Division (PDPD) to coordinate the implementation of the goals and recommendations from the Long-Term Care Planning Committee's most recent Long-Term Care Plan (Sec. 311). PDPD staff currently Chair and staff the Long-Term Care Planning Committee and were responsible for producing the most recent Long-Term Care Plan. These same PDPD staff currently coordinate the implementation of the goals and recommendations of the Long-Term Care Plan. This activity is done within budgetary and statutory limitations and in keeping with the priorities of the Secretary of OPM. We oppose the language in this section since the work being required is already being performed by OPM staff.
- The bill would require DSS to designate a high-level staff person to serve as federal revenue ombudsman (Sec. 312). While DSS is the agency that generates the greatest amount of federal revenue, we do not believe DSS should be the lead for federal revenue maximization efforts. OPM has been and should continue to coordinate revenue maximization activities, as many of the efforts require the participation and cooperation of numerous other state agencies (e.g., DMHAS, DDS, DOC, DCF,

DVA, and DAS). The Governor's budget includes new funding in the OPM budget to support contracted services that are necessary to analyze the potential implications of various potential revenue initiatives.

- Finally, the bill would require the Secretary of OPM to develop a plan to reduce the manager and supervisor-to-employee ratio for agencies in the executive branch to one manager or supervisor for every ten employees (Sec. 22), and to ensure that such ratio is achieved as a bottom-line number spread across all such agencies not later than nine months from the date of the completion of the plan. OPM is opposed to this, for reasons which are laid out in the attachment.

In closing, I'd like to reiterate my appreciation for the committee's ongoing efforts to make state government more streamlined, responsive and cost-efficient. Despite our disagreements on various recommendations, we want to assure the Committee that the Governor and his administration share in those goals, and look forward to partnering with you to find the best, most-expedient ways to move forward together.

Thank you again for the opportunity to present this testimony. Should you have any questions, both myself and my staff will be available to answer them in the days ahead.

ATTACHMENT: *DAS/OPM RESPONSE TO OFA REQUEST*
RE: STATE AGENCY SUPERVISORS

TERMS

Because the statutory definitions of managerial and supervisor employees differ, to some extent, from common parlance, it is critical that all participants in this dialogue share a common understanding of what these, and related, terms mean.

“Manager”

Statutory Definition

Connecticut General Statutes §5-270(g) defines a “managerial employee” as: any individual in a position *in which the principal functions are characterized by not fewer than two of the following*, provided for any position in any unit of the system of higher education, one of such two functions shall be as specified in subdivision (4) of this subsection: (1) Responsibility for direction of a subunit or facility of a major division of an agency or assignment to an agency head's staff; (2) development, implementation and evaluation of goals and objectives consistent with agency mission and policy; (3) participation in the formulation of agency policy; or (4) a major role in the administration of collective bargaining agreements or major personnel decisions, or both, including staffing, hiring, firing, evaluation, promotion and training of employees. (Emphasis added.)

Functions

State managers do not simply oversee or coordinate the work of other people. To the contrary, they personally and directly carry out statutorily-required and essential functions of their bureau, division, unit, or program and are responsible for knowing and evaluating if their bureau, division, unit or program is performing its larger functions correctly.

Many – but not all – managers have supervisory responsibilities. The emphasis of all managerial positions is on management activities, such as formulating program goals and objectives, developing and implementing program procedures, initiating program policies, developing and maintaining the budget, identifying and coordinating internal and external resources, designing and implementing performance review standards for program staff, maintaining sensitive and critical contacts with individuals within and outside the agency who might impact on program activities and acting as the representative of the Commissioner on sensitive program-related activities. For these reasons, almost all manager job classifications

include minimum qualifications that require subject matter or programmatic knowledge and skills, and frequently, specific professional degrees and educational credentials.

Pay Plans

Managerial employees in the Executive Branch¹ are designated by Labor Unit "02" and are paid using the MP, VR or MD pay plan.

Collective Bargaining Status

All managerial employees are exempt from collective bargaining.

"Supervisor"

Statutory Definitions

Connecticut General Statutes §5-270(f) defines a "supervisory employee" as: any individual in a position in which the principal functions are characterized by not fewer than two of the following: (1) Performing such management control duties as scheduling, assigning, overseeing and reviewing the work of subordinate employees; (2) performing such duties as are distinct and dissimilar from those performed by the employees supervised; (3) exercising judgment in adjusting grievances, applying other established personnel policies and procedures and in enforcing the provisions of a collective bargaining agreement; and (4) establishing or participating in the establishment of performance standards for subordinate employees and taking corrective measures to implement those standards.

Functions

Supervisory classes are used for individuals who have *full-time* supervisory responsibility over employees within a designated work unit. The work of the supervisory employee is distinct and dissimilar from that being performed by staff.² In addition to the responsibilities specifically identified by statute, supervisory responsibilities may also include such duties as setting unit goals objectives, and procedures, and planning unit work. There should be a sufficient number of

¹ The Judicial Branch, Higher Education (UConn, UConn Health Center, and the State University System central office and branches) and the Division of Criminal Justice have their own separate pay plans for individuals in those various categories.

² There may be employees in non-"supervisory" job classes who lead other staff while performing the same general duties as the staff they lead, or who are occasionally assigned supervisory duties in their agency. However, since these job classes were not established for the purpose of performing at least two of the four elements outlined in the statutory definition above, such employees are not in "supervisory" job classes.

subordinate staff to warrant a full-time supervisor. The level is not intended for one-on-one supervisory situations.

Supervisory employees, like managers, need to have technical expertise in their field (gained through years of work experience and often college or advanced education and professional licenses or certifications) in order to perform their technical and supervisory job responsibilities.

Although in many cases the organizational level of “supervisor” can be identified by the class title, the word “supervisor” is not always included in the title. Instead, the designation that a class is part of the supervisory level may be found elsewhere in the class specification, such as in the “purpose of class,” “guidelines for class use,” “supervision exercised,” “examples of duties” and “minimum knowledge, skills and abilities.”

Pay Plans

Supervisors in the Executive Branch are included in a variety of pay plans; the nature of the work that the supervisor performs determines the collective bargaining unit to which the supervisor belongs.

Collective Bargaining Status

All positions in supervisory level job classes are subject to collective bargaining. There have been disputes, handled through the collective bargaining – grievance/arbitration process, about whether certain classes that had previously been considered managerial satisfy the statutory definition provided above. For example, Counselor Supervisors and Correctional Captains are no longer considered to be managers and are now considered to be and treated as supervisors.

“Confidential”

Statutory Definition

Connecticut General Statutes §5-270(c) defines “confidential employee” as:
any public employee who would have access to confidential information used in collective bargaining.

Functions

For purposes of this report, however, the phrase “confidential employee” refers to an employee who does not meet the statutory definition of “managerial employee,” and thus, would be in a bargaining unit but for their access to confidential information used in collective bargaining. For example, individuals in the human resources and affirmative action series are confidential employees.

Employees who meet both the statutory definition of “managerial employee” and “confidential employee” are included in the attached Appendices as “managers.”

Pay Plans

Generally, confidential employees are designated by Labor Unit “03” and are paid using the MP or VR pay plan.

Please remember, however, that pay plans are established for administrative purposes and the fact that some confidential employees can be found in the “MP” (“Managerial Pay”) pay plan does not mean that these employees are “managers.” An employee is only a “managerial employee” if he or she meets the statutory definition. As stated above, employees who meet both the statutory definition of “managerial employee” and “confidential employee” were counted as managers in this report.

Collective Bargaining Status

Confidential employees are exempt from collective bargaining.

“Employee” and “Professional Employee”

Statutory Definitions

Connecticut General Statutes §5-270(b) defines an “employee” as:

any employee of an employer, whether or not in the classified service of the employer, except elected or appointed officials other than special deputy sheriffs, board and commission members, disability policy specialists assigned to the Council on Developmental Disabilities, managerial employees and confidential employees.

Connecticut General Statutes §5-270(c) defines a “professional employee” as:

(1) Any employee engaged in work (A) predominantly intellectual and varied in character as opposed to routine mental, manual, mechanical or physical work; (B) involving the consistent exercise of discretion and judgment in its performance; (C) of such a character that the output produced or the result accomplished cannot be standardized in relation to a given time period; (D) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study in an institution of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship or from training in the performance of routine mental, manual or physical processes; or

(2) any employee who has completed the courses of specialized intellectual instruction and study described in subsection (c)(1)(D) and is performing related work under the supervision of a professional person to qualify himself to become a professional employee as defined in subsection (c)(1).

Pay Plans

Employees and professional employees in the Executive Branch are included in a variety of pay plans. The nature of the work the employee performs determines the collective bargaining unit to which the employee belongs.

Collective Bargaining Status

Employees and professional employees are covered by collective bargaining agreements.

“Executive”

Statutory definition

Title 5 of the Connecticut General Statutes does not define “executive.”

Functions

Functionally, the executive organizational level consists of elected officials, commissioners, deputy commissioners, undersecretaries, executive assistants, executive secretaries and some executive directors.³

Pay Plans

Most executives are designated by Labor Unit “01” and are paid using the EX, MP or VR pay plan. Executive assistants and executive secretaries are designated by Labor Unit “03” and are paid using the EX or VR pay plan.

Collective Bargaining Status

Executive level employees are exempt from collective bargaining.

RIGHT-SIZING AGENCIES

There is no statewide or agency-specific policy establishing uniform manager-to-supervisor, supervisor-to-employee, or manager/supervisor-to-employee ratios. It is not possible to adopt a strict, across-the-board rule about ratios because the number of employees necessary to perform a work unit’s responsibilities, the necessary job classifications the employees

³ Executive Directors that are appointed by Boards or Commissions, rather than the Governor, are considered managers and are in the MP-02 pay plan.

should hold, and the levels of those employees – whether managerial, supervisory, or otherwise – depends upon the specific responsibilities and functions of the unit. Each agency and program is unique – governed by its own set of laws, regulations, policies and requirements – and therefore has distinct personnel needs.

By statute (Conn. Gen. Stat. §§4-66 and 5-200), OPM and DAS are charged with right-sizing agency personnel within legislatively appropriated budgets and, thus, must approve all Executive Branch agency (excluding the Division of Criminal Justice and Higher Education) requests to establish and fill positions. OPM and DAS will not approve agency requests (1) if agencies request positions that are redundant or otherwise not necessary to fulfill their statutory missions and responsibilities; (2) if the position or classification requested is not appropriate for the work to be performed; or (3) if the agencies do not have budgeted positions and appropriated funding for the requested positions.

Factors Influencing “Spans of Control”

OPM and DAS look at a number of factors to determine the appropriate “span of control,” i.e., number of staff per manager or supervisor within each agency – and among different units within agencies. These factors include the following:

- Complexity of the work
 - Higher complexity work often requires a lower manager/staff ratio
- Similarity of activities performed
 - A work unit that performs like functions for numerous clients – necessitating a greater number of employees to serve the clients – should result in fewer supervisors per employee
- Degree of risk in the work for the organization and/or degree of task certainty
 - Units that engage in tasks that involve a high level of risk to the agency and/or the community may require closer supervision
 - Units that perform clearly delineated tasks with little variation generally require fewer supervisors
- Manager’s level of non-supervisory duties
 - A manager who has a heavy workload of non-supervisory duties may not have the time and resources to provide appropriate coaching, training, or direction to a large staff
- Qualifications and experience of subordinates
 - In classifications requiring a higher level of experience, education and training, employees often require a lower level of direct supervision
- Number of work shifts and/or geographic location of subordinates
 - Some units must be staffed more than eight hours per day but do not require a large staff, resulting in a low ratio

- Staff that is geographically dispersed may require more supervisors than staff that are co-located
- Legal obligations
 - Grant-funded and federally-funded programs as well as accreditation standards may require specific organizational structures
 - Court orders and collective bargaining agreements may require the presence of supervisors for a specific number of staff

In addition, the state's ongoing efforts to increase efficiency often results in having lower staff ratios. For example, small agencies may be able to accomplish their functions with a relatively small total number of employees, but they still require supervisors and managers to handle functions such as developing and communicating the agency's or program's goals, developing uniform processes, providing quality control, developing program measures, evaluating program performance, evaluating employee performance, etc.

Similar issues arise in large agencies that have multiple, diverse programs. Each program still requires managerial or supervisory staff with particular expertise to perform these necessary managerial functions.

Managers Who do not Supervise State Employees

Another reason that OPM and DAS have not applied uniform managerial ratios is because, due to the statutory definition of "managerial employee," some managers throughout state service do not supervise any state employees. Some classifications meet the statutory definition of "managerial employee" based solely on their responsibilities for developing agency policy and goals. Such "policy-making managers" may not supervise any employees.

Additionally, there are numerous situations where state agencies partner with or rely on private or non-profit companies to deliver state services. In these situations, managerial employees may be assigned to oversee the contractors to provide required oversight and to fulfill the state's fiduciary responsibilities, ensuring that public projects, programs and funds are managed responsibly. These managers may supervise only a few – or no – state employees.

EXPLANATION OF ATTACHMENTS

Currently, Core-CT shows that there are 1883 managerial employees (1514 of whom are in job classifications with supervisory responsibilities) and 2697 supervisory employees, as defined by statute, in the Executive Branch agencies, excluding positions in Higher

Education and the Division of Criminal Justice. These agencies employ a combined total of 35,898 state employees.

Appendix 1 lists the managerial and supervisory employees by agency, name, title, and funding source. This chart also identifies whether each individual is in (1) a managerial classification that generally has supervisory responsibilities; (2) a classification that generally meets the definition of a manager by virtue of policy making responsibilities; or (3) a supervisory classification.

Appendix 2 summarizes the data in Appendix 1 and lists manager/staff and supervisor/staff ratios for each Executive Branch agencies, excluding positions in Higher Education and the Division of Criminal Justice.

- The manager/staff ratio was calculated by counting the number of managers with supervisory responsibilities and comparing it to the total number of employees in the agency, including employees, professional employees, supervisors, policy-making managers and confidential employees, but excluding executive level employees.
- The supervisor/staff ratio was calculated by counting the total number of supervisors in the agency and comparing it to the number of employees covered by collective bargaining units in the agency. This was the only way to accurately reflect the oversight responsibilities of supervisors because supervisors, as members of collective bargaining units, do not oversee any managers, confidential employees or executive level employees.
- It is necessary to calculate these ratios separately because managers and supervisors have separate functions, as defined by statute and to avoid double-counting employees. Combining the managers and supervisors would distort the true organizational structure of agencies and oversight responsibilities.

CONCLUSION

As discussed in detail above, the ratios provide only a limited and artificial picture of the organizational structures of the different state agencies. To have an accurate understanding of how each agency is organized and whether it appropriately structured to maximize efficiency, accountability and performance requires an in-depth analysis of each agency – on a program-by program or unit-by-unit level – in conjunction with an understanding of how the agency-specific issues intersect with state-wide classification, compensation, labor relations and budget allocation requirements.