



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 13, 2013

Joint Committee on Finance

Paper #110

Transfer of Facility Design Positions to DOA (DOA -- Transfers)

[LFB 2013-15 Budget Summary: Page 33, #6; Page 65, #13;
Page 319, #8; Page 476, #5; and Page 518, #17]

CURRENT LAW

Statewide, 4.0 facility designer positions exist and are located at four executive agencies. Currently, facility designers primarily serve the employing agency's space management needs through space planning, space design, and management of space improvement projects.

GOVERNOR

Provide \$318,700 PR and 4.0 PR positions annually to transfer facility design responsibilities from the (a) Department of Agriculture, Trade and Consumer Protection (DATCP, 1.0 position); (b) Department of Natural Resources (DNR, 1.0 position); (c) Department of Transportation (DOT, 1.0 position); and (d) Department of Workforce Development (DWD, 1.0 position) to the Department of Administration (DOA). Funding would be for: (a) salaries (\$196,600); (b) fringe benefits (\$72,400); and supplies and services (\$49,700).

Authorize DOA to assess a fee to agencies for facility design services.

Specify that the incumbent employees transferred to DOA would retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period. Transfer all assets and liabilities, tangible personal property, contracts, and pending matters, as determined by the Secretary of DOA, related to facilities design from the affected agency to DOA.

DISCUSSION POINTS

1. Statewide, 4.0 facility designer positions exist and are located at the following four

agencies: DATCP (1.0 position), DNR (1.0 position), DOT (1.0 vacant position), and DWD (1.0 position). In the case of DOT, the position has been vacant since June, 2012. No other agency employs facility designer positions. Facility designers are primarily responsible for conducting space management planning activities and office space design; providing space design services; acting as project managers for interior improvement projects; and developing plans and specifications for furniture, especially systems (office) furniture.

2. The Department of Administration establishes and maintains official documentation of rules and information for state agency space planning and management in state-owned and managed facilities through its Office Space and General Facility Design Standard. The purpose of the rules and standards is "to ensure that all DOA-owned buildings efficiently use space while also providing a safe and comfortable environment for employees and visitors." The document, last updated in April, 2011, covers topics including but not limited to: space management policy, life cycle costing, interior space standards, planning guidelines, general interior facility requirements, design approval procedures, and policy for funding of tenant improvements. It should be noted that although the document refers to the Division of State Facilities throughout, the Division has since undergone reorganization. Effective July 1, 2012, the Division of Facilities Development operates all building program and construction-related services; and the Division of Facilities Management operates building management, maintenance, and tenant occupancy services. Currently, DOA employs no positions classified as facility designers.

3. Under the bill, the four current facility designer positions would be transferred to DOA. The administration indicates that the purpose of consolidating facility design services is to: (a) maintain direct oversight of the positions centrally to ensure uniformity in service provision; (b) establish DOA as the exclusive provider of facility design services in DOA-owned and DOA-managed space; (c) offer facility design services to all tenants of other agency-owned and privately leased properties; and (d) better identify vacant space statewide.

4. According to the administration, DOA currently has 2.0 program and policy analyst-advanced positions and 1.0 (vacant) facilities management officer position that provide the following services: interior construction project management and facilities liaison services; interior architectural design; agency move coordination; space occupancy tracking for rent invoicing; portfolio strategic planning; approval of all agency space requests and vacancy requests; development and maintenance of the DOA Space Standards and Guidelines; and development and implementation of the state office building signage program. In addition, DOA has 2.0 LTE positions that provide design services. The primary responsibilities of these positions are: management of tenant improvement projects; interior architectural design services, including strategic planning; and tracking of occupancy within DOA-owned and DOA-managed space. The administration indicates that positions work on privately leased or other agency-owned space only if time permits. It should be noted that in the case of DOT and DWD, the majority of space these agencies occupy is privately leased or space the agencies own. According to DWD, 97% of the facility designer's time is spent on DWD-owned and privately leased space. Of DOT's facilities, about 70 buildings are DOT-owned, 80 are privately leased, and six are DOA-owned.

5. Agencies that occupy privately leased space have several options for meeting their

space management needs. First, an agency may choose to assign space management projects to other position types so that the positions' duties include facility design functions. This is an approach DOT and DOA utilize. According to the administration, although DOT's position is currently vacant, the agency has other facilities management positions that work on design projects in addition to other duties. Second, agencies may request assistance from DOA. Under current law, although DOA provides services to agencies for privately leased space, DOA is unable to assess those agencies for the cost of the services provided. Under the bill, DOA would be able to assess agencies for the services. Third, an agency can work with the property manager to hire a designer. According to DOA, contractual facility design services can range from \$80 to \$140 per hour. The administration notes that "specific costs associated with contract management fees and purchasing contractual design services are very difficult to quantify, as those costs are factored into the rental rate paid to individual landlords (which are amortized over the span of a private lease)." It should be noted that DNR and DWD, whose facility design positions are filled, occupy privately leased space in addition to DOA-owned, DOA-managed, and agency-owned buildings. Therefore, to the extent that the tasks of facility designers are currently assigned to privately leased facilities, the prioritization and reassignment of designer tasks to DOA-owned and managed facilities could result in greater agency use of contractual facility design services (which the administration notes incur higher costs).

6. The administration acknowledges that the four agencies with facility designer positions have made funding facility designer positions a priority because the agencies occupy multiple properties with facility design needs. In particular, DWD indicates that it is necessary to have a facility designer who is knowledgeable about federal workforce development regulations, which have implications for space usage. Specifically, the federal Workforce Investment Act of 1998 requires that for certain programs relating to workforce development, a "one-stop delivery system" must be established that makes each of the applicable programs, services, and activities outlined in the legislation accessible through at least one physical center in each local area of the state. According to DWD, the 22 leased Job Centers "have 100% co-location with partner agencies and of the 70 donated locations and the 17 Use agreements, all are co-located with non-state outside agencies. The designer for DWD actively works with co-located partners to provide technical expertise necessary to support the programs and services offered at the Job Centers."

7. Although the administration notes that having agency-specific knowledge would be beneficial to DOA in its own space-tracking projects, it is the incumbent employees currently occupying those positions that possess institutional knowledge specific to each agency. If the positions are transferred to DOA, once a position is vacated there would be no guarantee that a replacement would be found with agency-specific knowledge. However, if the positions remain with the four agencies, as positions are vacated, new employees would acquire relevant agency and program knowledge through on-the-job training with the agency. Further, positions remaining at the agencies would continue to be available for consultation with DOA on an as-needed basis.

8. Currently, the positions are funded from the following sources: (a) the segregated transportation fund (DOT); (b) administrative services program revenue (DWD); (c) federal indirect cost reimbursements (DATCP); and (d) the segregated conservation fund (DNR). Under the bill, the positions would be funded from DOA's space rental account. All state agencies that occupy space

owned by DOA would contribute to the funding of the positions through overall rental assessments. State agencies that own the buildings they occupy or privately lease the space do not pay rent for these spaces to DOA. Therefore, the administration indicates that if agencies requested facility design services through DOA for agency-owned or privately leased buildings, the agencies would be assessed for the services, most likely based on the hours of service the facility designer provided.

9. Although DOA does not employ any facility designer positions, the Division has been working on space management and occupancy projects for other agencies with facility design needs. In addition, DOA has been working on a space-tracking project through an upgraded space management database, with the eventual goal of lowering the state's total cost of occupancy. Under state statute, DOA is required on an annual basis to compile and submit to the Building Commission information received from state agencies regarding the cost of occupancy of state-owned buildings, structures, and facilities. According to the administration, "a report was not published for 2012 due to a methodological error." However, DOA anticipates publishing a report for 2013. The administration indicates that the reporting process may be delayed by the correction of the aforementioned error, as well as the reassignment of duties in accordance with the reorganization of the Division of State Facilities into the Division of Facilities Development and the Division of Facilities Management.

10. At the request of DOA, two of the current facility designer positions have provided the Division of Facilities Management assistance in dealing with its facility design-related workload. The assistance is formalized by a memorandum of understanding (MOU) with the agencies (DATCP and DNR). In the case of DATCP, the MOU has been in effect for seven years. Under the MOU, the position provides a minimum of 8.00 hours of service to DOA per week, though DATCP staff indicates that more time "has been spent lately on DOA-assigned projects." Although the position normally provides an average of 8.75 hours per week, in 2012-13 the average has been nine hours per week. The DNR agreement was effective from September 23, 2012, to December 22, 2012, on a temporary basis. According to DNR, the agency normally has not had time to devote to other agencies, but that over the past year "DOA desperately needed assistance, so DNR pushed back some agency need" to assist DOA through the MOU. The agency indicates that on average, the DNR facility designer provided three hours per week, and continues to provide assistance to DOA on an as-needed basis. In total, the 4.0 facility designer positions devote less than 15 hours per week to DOA's projects. As shown in the table below, DOA normally is provided services equivalent to a 0.22 FTE position but currently receives services equivalent to a 0.31 FTE position. The maximum number of hours provided under each MOU totals to 36 hours per week, equal to a 0.90 FTE position.

<u>Agency</u>	Hours Per Week		Position Equivalent	
	<u>MOU</u>	<u>Actual</u>	<u>MOU</u>	<u>Actual</u>
DATCP	8.00 - 16.00	8.75 - 9.00	0.20 - 0.40	0.22 - 0.23
DNR	10.00 - 20.00	0.00 - 3.00	0.25 - 0.50	0.00 - 0.08
DOT	N/A - N/A	0.00 - 0.00	N/A - N/A	0.00 - 0.00
DWD	<u>N/A - N/A</u>	<u>0.00 - 0.00</u>	<u>N/A - N/A</u>	<u>0.00 - 0.00</u>
Total	18.00 - 36.00	8.75 - 12.00	0.45 - 0.90	0.22 - 0.31

11. The Division maintains that if the incumbent positions were not transferred and continued to provide facility design services to the four agencies on a full-time basis, DOA's project workload would still require 4.0 additional facility designer positions. This would suggest one or more of the following: (a) that the Division has a workload that could fully occupy 4.0 positions with tasks other than those currently performed by the positions under consideration; (b) the transferred positions would be assigned to tasks other than those they perform currently; or (c) consolidation of the positions would result in efficiencies such that the positions could accomplish up to twice as much in the same amount of time.

12. The Division states that if the incumbent positions were transferred to DOA, the transferring agencies would not experience a decline in the level of service they currently receive. Rather, DOA claims that the transferring agencies may see an improvement in the services they receive "through increased training and support of a centralized facility design staff." The administration indicates that "to the extent that the person was performing functions not specifically related to design services or that were duplicative of what DOA staff provided, time can be freed up to provide services to other state agencies." In addition, DOA argues that the "workload for all agencies can be spread among the existing DOA positions and the transferred positions (or new) to create a balance of service that is currently not achieved in the existing decentralized structure." The administration did not provide an estimate of the time that would be spent serving other agencies.

13. With regard to the consistent provision of facility design services, DOA indicates that "often drawings are received for approval that do not show existing conditions of a space including Mechanical (air supply and returns), Electrical, Fire Suppression or Alarm systems that need review prior to a design approval to ensure the space meets building codes." The administration believes that ensuring that all designers "have proper training on how to show this information in their drawings and that it is necessary to show this information and track these modifications will make the approval process, bidding of work and overall project timelines move faster." The administration was unable to quantify the degree to which such process efficiencies could be realized.

14. The three agencies with filled positions (DATCP, DNR, and DWD) indicate that the positions' workloads are already full or heavy and that the positions are not able to take on additional projects without working overtime or hiring LTEs to assist them. Specifically, DWD reports that currently an LTE already assists the facility designer. In addition, DNR indicates that additional assistance would be necessary, but that contractual services would be preferable to overtime due to the potential for staff burnout. In contrast, DOA indicates that "it is assumed since the DOT position is vacant and the DATCP and DNR positions currently have an MOU with DOA that their workloads are not currently full." This supports the notion that under the provision, the positions would be assigned tasks other than those currently performed. To the degree that the positions are fully occupied with facility design duties, the level of service to the transferring agencies, therefore, could be lower.

15. On one hand, the administration argues that consolidating the facility designer positions would ensure that space utilization statewide would be more efficient and could eventually result in savings for the state. In particular, the administration states that without "centralized

training, design standards, and space use and occupancy reporting, inconsistent space use and design standards would continue to result in the inefficient use of space, which ultimately results in agencies paying to use more space than is necessary." Further, the administration believes that the Division's own project workload could occupy up to 4.0 additional facility designer positions. The Committee, therefore, could choose to approve the Governor's recommendation to transfer the positions. [Alternative 1]

16. On the other hand, DOA currently receives facility design services from DATCP, DNR, and DWD that are equivalent to about a 0.31 FTE position. The Division has operated with the assistance it has received from state agencies and DOA staff who, while not classified as facility designers, nonetheless are able to perform facility design services in some capacity. However, DOA has indicated that the workload is heavy and could use relief in the form of additional staff qualified in and solely devoted to facility design work. Therefore, the Committee could choose to provide funding to DOA for the creation of 1.0 new facility designer journey position (the classification of the positions that the Division wishes to transfer). After the creation of the new position, assuming a conservative estimate of 8.0 hours per week from DATCP (the minimum required under the agency's long-standing agreement with DOA), facility design service hours provided to DOA would increase from 12 hours to 48 hours per week. [Alternative 2]

17. Alternatively, the Committee could transfer 2.0 of the positions to DOA (1.0 from DATCP and 1.0 from DOT). It could be argued that, of the 3.0 filled positions, transferring the DATCP position would be least likely to negatively affect the transferring agency because DATCP occupies only DOA-owned and managed buildings. In addition, DATCP has provided assistance to DOA under an MOU for seven years. Further, although DOT may benefit from filling its position, which has been vacant for less than 12 months, the agency has other position types that perform facility design functions in addition to their other duties. [Alternative 3]

18. An increase in hours of service provided under either Alternative 2 or 3 would bring some relief to DOA's workload issue. If the Division's facility design project workload were still too heavy, DOA could request additional assistance from DATCP or DNR as it had before, or request additional positions under a 14-day passive review process. In addition, for the new position and the transferred vacant position, nine months of funding would be provided for salaries and fringe benefits in the first year of the biennium to account for the time to recruit and hire.

19. In reviewing the proposal, questions could be raised regarding the sources of funding for the transferred positions and overall staffing need. First, in terms of funding, the positions would be transferred from agencies that have prioritized facility design functions and currently fund the positions from specific segregated, federal, and program revenue sources. Under the bill, the cost of the positions would be borne by all agencies that rent from DOA, regardless of their individual facility design needs. It could be argued that the positions should remain with agencies that highly prioritize and have chosen to fund them, rather than spread the cost of the positions among all agencies that rent from DOA. This is an especially pertinent point if the level of services provided to the transferring agencies would not be lowered, because the provision would spread the cost of the services among all agencies that pay rent to DOA. In addition, the Division was unable to provide examples of existing inefficient uses of space or estimates of savings that

could result. Finally, the assertion that the transfer would not result in a lower level of service being provided to the transferring agencies appears to be inconsistent with DOA's identified workload requirement for 4.0 positions devoted to those projects alone. For these reasons, the Committee could delete the provision. As with Alternatives 2 and 3, if DOA's workload proves to be unmanageable, it could request assistance from one of the four agencies as it has done with DATCP and DNR, or request additional positions under a 14-day passive review process. [Alternative 4]

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$318,700 PR and 4.0 positions annually to transfer facility design responsibilities from DATCP, DNR, DOT, and DWD to DOA. Authorize DOA to assess a fee to agencies for facility design services.

2. Delete the provisions related to transfer of positions and instead provide \$61,100 PR in 2013-14 and \$77,300 PR in 2014-15 and 1.0 facility designer journey position annually in DOA.

ALT 2	Change to Bill	
	Funding	Positions
PR	- \$499,000	1.00

3. Modify the provision to provide \$142,200 PR in 2013-14 and \$158,300 PR in 2014-15 and transfer 2.0 facility design positions (1.0 from DATCP and 1.0 from DOT) to DOA. Authorize DOA to assess a fee to agencies for facility design services.

ALT 3	Change to Bill	
	Funding	
PR	- \$336,900	

4. Delete provision.

ALT 4	Change to Bill	
	Funding	
PR	- \$637,000	

Prepared by: Rachel Johnson