



**State Engineering Association**

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March 3, 2010

Rep. Samantha Kerkman  
66th Assembly District  
Room 103 West State Capitol  
Madison, Wi 53708

Dear Rep. Kerkman:

**RE: REORGANIZATION AND OUTSOURCING PLANS AT DOT**

The Wisconsin Department of Transportation (DOT) is quietly pursuing a new and apparently hurried plan to move the agency aggressively toward an "all oversight" model for transportation engineering projects. This plan represents a major reorganization of the agency, in which state engineering staff would no longer take a hands-on role in designing and implementing transportation projects.

Under this plan, the role of these critical employees will be newly limited to paper review of private consultants, whose numbers and costs likely would increase. Of course, oversight of consultants is essential, but this role shift is structured in a way that will further deprofessionalize the state's engineering work force. Preservation of that work force is the key to protecting taxpayer interest in infrastructure projects at a time when using every taxpayer dollar wisely is critical.

The State Engineering Association (SEA), which represents 1,100 state employees, many of them DOT engineers and technical staff, is very concerned that this questionable model is being implemented in the shadows, without the input and blessing of the Legislature. I am therefore writing you and other legislators on behalf of SEA and its board of officers. We urgently recommend that the Legislature examine this matter at its earliest opportunity, before these plans become accomplished fact.

Attached please find an outline from the department's Division of Transportation System Development (DTSD). Entitled "Strategic Directions 2009-2011," this unsigned document, which has been circulating within the agency, has been characterized by DOT managers as a basis for reorganization efforts.

Key questions policymakers should soon be asking the administration and DOT:

- When did DOT leaders beginning planning this? Was it earlier or later than DOT's two Joint Audit Committee appearance to discuss existing out-sourcing issues? Why wasn't this plan mentioned to legislators? Did DOT mean to mislead the committee?
- Who is responsible for developing the plan and the DTSD document?
- Why is DOT making such a fundamental and significant change in the last nine months of the current administration?

In recent weeks, DOT managers have been holding meetings with SEA members, going over the points in the plan. Employees were told they may be asked to transfer to positions that in some cases are inconsistent with, and even inferior to, their professional training and experience. DOT managers have even suggested that some professional staff may need to be retrained for their new positions, at additional cost.

This potentially wasteful reorganization would move some of the state's most highly trained technical staff out of their areas of expertise and make it hard for them to regain their professional standing later. This will erode the high professional standards that state engineers historically have maintained.

Some DOT employees have been told that if, under the plan, they accept transfers, they would be able to keep their current classification and rate of pay, while doing other, sometimes lesser work. Besides being inefficient, that change will be damaging to long-term careers of engineers and technical professionals.

One result: Some of the best may leave state employ. Meanwhile, less inexperienced DOT engineers and new hires will find it difficult or impossible to gain sufficient experience in monitoring private consultants.

SEA recognizes that state agencies have a fundamental right to manage their staffs. However, In SEA's view, this particular plan makes drastic changes that alter basic policy and legislative intent – changes so great that legislative scrutiny and fiscal analysis seem essential.

DOT's current budget for consultant contracts is \$250 million, without significant reporting requirements to the Legislature. It seems clear that DOT's new direction will significantly increase contracting for private engineering services. DOT recently made headlines when consultants offered a free fish fry at a public hearing. What other inefficiencies and improprieties might result when even more outsourcing occurs, and there are even fewer state employees to oversee that consulting?

Disturbing is the only way to characterize an exchange at one internal briefing session with employees, in which a DOT manager told SEA staffers that (paraphrasing) the agency's goal in mounting this new plan is not to save money, but to get work done at any cost.

But spending more money doesn't ensure equal or greater quality. State employees have a long-term focus necessary to ensure that state engineering standards keep pace with newer technology and materials. If consultants with short-term profit focus are given these critical tasks, the quality of our long-term infrastructure will be jeopardized.

SEA members have seen this trend in DOT's local-program structure, created under an earlier reorganization undertaken by the Doyle Administration. Costs have risen while service to local units of government has fallen. That reorganization cut a significant number of DOT positions -- 365 in 2004 alone – and has not produced positive results. Instead, the last eight years have seen a deprofessionalization in DOT's engineering services. This latest plan would continue that erosion of expertise.

State engineers have demonstrated that when they are in charge of project engineering details and oversight, engineering costs are lower, and non-engineering aspects much less expensive, because state employees produce a bigger bang for the buck overall.

Yet DOT appears intent on continuing in an opposite direction. In the DOT's Southeast Region alone, where important and massive highway and rail engineering projects are underway, this new plan will have major implications for how the state employs about 160 engineers and technical specialists. And it is in the Southeast Region where the DOT seems to be most aggressive in implementing this new plan. Under the new reorganization, Southeast Region project development will shift within months to the all-oversight model for program delivery. Translation: More private consultants will be hired. Also, we can expect that the remaining, staff-based oversight will be undone by the DOT's recent history of allowing consultants to supervise one another's work in ways that are ethically conflicted -- consultant A oversees consultant B on one project while on another project, consultant B oversees consultant A.

DOT's biggest current vacancy pool is in engineering. Yet, while staffing is reduced and reassigned, work levels have continued to increase. Currently there are about 140 technical staff vacancies in DTSD. The

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Department of Administration denied the agency's latest effort to fill 50 to 60 of those vacancies while granting 12 others, thus providing a clue as to why DOT would pursue its current fast track to further denude its technical staff.

DOT has argued that further outsourcing is necessary because it does not have sufficient in-house staff to carry out the many projects on its calendar. Interestingly, DOT managers have orally suggested the all-oversight plan will mean the elimination of a number of engineering staff vacancies. Given that the Audit Bureau has identified a cost-efficiency problem with outsourcing, DOT's plan to quietly do more of it is nothing short of eye popping.

As a legislator, you need to be aware that similar plans have already been tried in the transportation departments of several other states, with uneconomic results.

The recent state audit buttressed existing data showing that outsourcing of highway projects to private consultants costs more money than using in-house staff. In light of the urgent pace at which the DTSD plan is being pursued, SEA urges you and fellow legislators to investigate this development at your earliest opportunity.

Sincerely,



Mark Klipstein  
President

attachment;

Sen. Fred Risser	Sen. Judy Robson
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Rep. Jennifer Shilling	Sen. Alberta Darling
Rep. Gary Sherman	Sen. Luther Olsen
Rep. Tamara Grigsby	Sen. Scott Fitzgerald
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