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## Regionalization of the Iowa State University Extension System: Lessons Learned by Key Administrators

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### Abstract

The cyclical economic downturn in the United States has forced many Extension administrators to rethink and adjust services and programming. The Cooperative Extension System (CES), the organization primarily responsible for governmental Extension work in the United States, at Iowa State University responded to this economic downturn by restructuring its organization from county based to a regional model. This paper shares the experiences of key administrators in planning this restructuring process and the lessons learned. This experience and the restructuring processes used have implications for administrators in all organizational settings.

**List of Abbreviations Used**

**CES:** Cooperative Extension System

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## INTRODUCTION

The recent economic downturn, starting in 2008, has affected almost every sector in the United States, including government and education. In response, the affected organizations have employed different strategies to maintain the quality of their services with reduced resources. Organizational restructuring, one strategy adopted during difficult financial times, has become an important strategic response in many organizations (McKinley & Scherer, 2000). McKinley and Scherer (2000) defined organizational restructuring as “any major reconfiguration of internal administrative structure that is associated with an intentional management change program” (p. 736). Organizational restructuring as a broad term encompasses many organizational strategies (Probst, 2003) including regionalization of services. Bolton (2008, para. 2) identified regionalization as a “critical way to deal with budget problems and maintain or improve services in a declining economy.”

Many organizations have regionalized services in response to some internal or external pressure or as a strategic plan and have successfully maintained or improved the quality of their services. Some of the advantages associated with regionalization are improvement in uniformity and consistency of services, better coordination of resources, better distribution and deployment of personnel, reduced costs, and achievement of economies of scale (Miller, 2006). Richardson *et al.*, (1995) identified regionalization as a remarkable opportunity to provide superior services at lower cost. In a similar vein, Ahmed and Morse (2010) indicated that regionalization results in greater opportunities for organizations. Luft *et al.*, (1979) found empirically that regionalization increases the quality of the services being offered.

Organizational sectors that have regionalized their services in the United States include law enforcement (Miller, 2006), drivers license issuance and motor vehicle registration (Edelman *et al.*, 1997), animal care (Atlantic County Department of Administration, 2010), tertiary care (Rohrer *et al.*, 1997), pediatrics (Task Force on Regionalization of Pediatric Critical Care, 2000), perinatology (Hein, 2004; Hein *et al.*, 1975), other health services (Luft *et al.*, 1979), water

management systems (Jespersion, 2004), private businesses (Probst, 2003), schools (Walzer *et al.*, 1995), and non-profit service organizations like the Cooperative Extension System (CES) (Ahmed & Morse, 2010) whose restructuring experiences at Iowa State in the form of regionalization of services is the focus of the study detailed in this paper.

The CES at Iowa State University transitioned from its historically geographically based structure to an issues-based structure by regionalizing its services. The geographically based structure (a locally owned and managed presence in every county) was the traditional mode since the inception of the CES at Iowa State University. CESs, in general are dealing with severe budget cuts across the United States and are being asked to deliver more services with fewer resources. Such demands for productivity gains were relevant throughout the U.S. economy even before the downturn. Regionalization of CES services is not a new strategy and already has been adopted in various forms in Minnesota, Alabama, Illinois, Nebraska, Ohio, Oregon, and Wyoming (Ahmed & Morse, 2010). Regionalization of CES services as a strategy to maintain or improve the quality of services has been validated by research findings indicating improvement in work attributes of employees due to regionalizing services (Schmitt & Bartholomay, 2009). Similar results were noted by Ahmed and Morse (2010) in a study conducted with Minnesota Extension professionals.

Regionalization of public services is not a new phenomenon and has been in place in Iowa for almost four decades. Hein *et al.*, (1975) reported the attempts to regionalize the system of health care for gravidas and their infants as early as 1975. Iowa’s regionalization model was considered a success in the field of perinatology (Hein, 2004). Further, similar success was found in regionalization of tertiary care services, and Rohrer *et al.*, (1997) found that regionalized tertiary care in Iowa better catered to the needs of different stakeholders. In 1991, the Fischer Commission recommended regionalization of drivers’ license issuance and motor vehicle registration services in response to the \$409 million budget deficit of Iowa (Edelman *et al.*, 1997). Five years

later in 1996, Pappas Consulting Group Inc. recommended that Iowa State University Extension should develop new strategies to reach all areas of the state more effectively. The group recommended regionalization of Extension services as one way to achieve this goal (Pappas Consulting Group Inc., 1996).

This paper shares the experiences of key administrators in restructuring the Iowa State University Extension Service and the lessons learned as a result of this restructuring process that have implications for administrators contemplating regionalization. A brief description of the background and context of the Iowa State University Extension system and the fiscal situation that was in place before the regionalization process are presented in the following paragraphs, followed by the methodology of planning the regionalization process, the details of the regional plan, the lessons learned, recommendations and the implications for administrators.

### **Background and Context of the Cooperative Extension System at Iowa State University**

Iowa State University Extension has a long and proud history. In 1906, Iowa was one of the first states in the United States to establish state Extension work to provide local assistance to rural areas. It soon was followed by the Iowa State Farm Aid Association Act in 1913, permitting counties to appropriate funds for Cooperative Extension efforts. Later, the federal Smith–Lever Act, approved in 1914, provided funds for the CES dependent upon state matching funds. Extension agents were established in every county to improve the quality of life for Iowa citizens. A local geographic presence was established so Extension agents were physically close to farmers and farm families with limited mobility. Extension agents served as technology transfer agents from the land-grant university to the people.

To meet the needs of clients, Extension offices were established in every county in Iowa. However, with the adoption of new technologies (telephone, Internet, etc.), educators interact with clients other than face-to-face through local offices. In 2009, the vice president of Iowa State University Extension emphasized the point that distance and information exchange are no longer

measured by travel on horseback as they were when counties were created. He further stated that as the need for proximity diminished, the expectation for proximity replaced it. The demand for our research, education and outreach is changing . . . demographics are changing. The state's capacity to provide services has changed, yet the structure of Extension has remained the same. (Iowa State University Extension Restructuring Plan, 2009, p. 2)

The existing Extension programming structure and declining resources led to restructuring through regionalization. However, it was clear, as implied by the Vice President in the quote above, that an “expectation of proximity” had not only replaced the original mode need but also was a potential constraint to effective change.

### **The Fiscal Situation**

Iowa State University Extension is funded by allocations from the federal, state, and county (similar to districts in Asia and Africa) governments. At the federal level, funding comes from United States Department of Agriculture Smith–Lever support and smaller special appropriations. The majority of the CES at the state level is funded through a university budgeted line item and smaller line item allocations. The 99 counties in the state of Iowa support the CES through local property tax dollars. Prior to the regionalization in 2009, the 99 counties remitted money to Iowa State University for Extension programming. The Code of Iowa requires that County Extension Councils, the local governing boards, and fiscal agents for Extension maintain an affiliation with Iowa State University to provide Extension services. In addition to these direct public appropriations, the CES generates revenue through grants, contracts, gifts, and user fees.

Although, Iowa State University Extension experienced a major reorganization in 1991 (Jones & Jost, 1993), until 2009 state and federal funding remained relatively constant. The steady increase in county property tax dollars and significant growth in revenue generated from grants, fees, and contracts paid for structural status quo while actually growing the overall budget. Iowa State University is one of three public universities governed by Board of Re-

gents. All high level administrative decisions, including budgets, are approved by the Board of Regents. Beginning in late 2008, Iowa, like many states, began to feel the effects of the nation's economic downturn. By April 2009, the Iowa state legislature mandated significant budget cuts in fiscal year 2010 for state agencies, including the public universities. In February 2009, administrators at Iowa State University realized significant budget reductions would be forthcoming. The exact amount was not known until late April.

Amidst this backdrop, a small team of Iowa State CES administrators began to determine how to best restructure the Iowa State Extension Service to address economic realities and, more, to strategically sustain the organization. The group decided to use this fiscal crisis to realign the entire CES system at Iowa State University. The team avoided defensive budget responses and instead developed a plan to help mitigate additional budgetary cuts. The methodology adopted by the team for restructuring the existing Extension systems is presented in the next section.

### MATERIALS AND METHODS

The reorganization planning process began in February 2009. The strategic team consisted of directors of finance, communications, programming, and geographic areas and the Associate Vice President and the Vice President of Extension. The charge was to determine how best to respond to a significant decrease in funding, yet respond strategically.

The first planning task was to review previous needs assessments from clients and citizens to set program, structure, and budget priorities. In 2003, Iowa State University Extension had conducted a comprehensive futuring process to assess their environment and to develop a vision for change. Results from that futuring process survey indicated that citizens of Iowa wanted CES programming to align with their needs and suggested that regional offices instead of county-based offices may prove to be cost-effective, as well as meet client needs. Subsequently, a long-term goal was set to implement a model or plan for regionalization of Iowa State University Extension while still supporting county offices. Other user data, client surveys and evaluations

confirmed the need for regionalization of services.

The next planning task focused on getting input from staff, councils, and citizens to glean suggestions, ideas, and organizational strategies within the current economic reality. Such a participatory approach is recommended by Washington and Fowler (2005). In March 2009, all staff were invited to provide input. A total of 335 staff attended listening sessions in 15 locations where the Vice President for Extension spoke on the forecasted budget cuts. Then small groups brainstormed budget adjustment ideas for the three broad areas of: organization, operations, and support services. The resources were scarce, and during such situations the need for efficient management is felt more (Oleribe, 2009). Each group submitted their top three ideas under each category, generating 518 cost-saving suggestions.

An online survey was also made available to staff and County Extension Council members unable to attend listening sessions or for entering additional comments. A total of 112 individual staff and 76 council members completed these surveys, generating another 1,016 cost-saving suggestions. Ideas from the listening groups and the online surveys were analyzed separately and sorted by like items. The most common categories included improving operational efficiencies, restructuring area offices, restructuring county offices, increasing revenue generation, and merging Extension support units. Many members requested that a local Extension presence be retained. These ideas brought forth by citizens, staff, and County Extension Council members were considered as the Extension restructuring plan was developed. Although the suggestions were numerous, few addressed the depth of changes needed to address the anticipated budgetary shortfalls.

The team's next task included in-depth conversations with Extension colleagues from Minnesota. This state had undergone an Extension reorganization in 2005 (Morse, 2006). As a result of this participatory approach and deliberations among the strategic team members, regionalization of Extension services emerged as the theme for tackling the budget cuts and at the same time maintaining the quality of services to meet the needs of Iowa citizens. The key tenets proposed by the team to regionalize the services were:

1. Ensure that Extension programming was minimally affected and that multi-disciplinary teams would continue to address citizens' complex issues.

2. Extension would continue to have an office in every county.

3. Increase local control of county property taxes allocated for Extension.

4. Reduce administrative costs throughout the system.

5. Utilize state funding more appropriately as leverage and a match for federal dollars.

6. Ensure budgets were aligned so that additional budget cuts would not affect the structure of the new organization in future years given that the economy would most likely not rebound quickly.

7. Make cuts immediate given that Extension had no ability to absorb the loss through tuition.

8. Move from a geographically based to an issues-based model.

### Details of the Regional Plan

The final budget numbers were made available to Iowa State University Extension administrators in late April 2009. Iowa State University Extension's appropriation from the state legislature represented \$4.2 million of the university's state appropriation. As a result, the main components of the regional plan included:

1. Elimination of the five area director positions and the five area offices.

2. Elimination of all 100 county extension education director positions.

3. Retention of partnership fees by County Extension Councils previously paid to ISU Extension would now be used locally for staffing and programs.

4. Creation of 20 new Extension regions representing a balance of population and county tax funds, client travel, job commuting patterns, and current coalitions and linkages between and among counties.

5. Reduction of the campus Extension budget across all program areas.

6. Reduction of the five main Extension programs to three by combining 4-H Youth Development with the Families program area and Community Economic Development program

area with the Business & Industry program area.

The restructuring plan was announced on April 30, 2009. In May, the Vice President for Extension, the Associate Vice President, and the Director of Communications held public meetings in all 20 regions over a 3-week period. These meetings allowed them to communicate to staff, elected County Extension Councils, and clients about the regional plan, how it would work, and the time frame for implementation and allowed them to listen to concerns about implementation of the plan. These sessions were important given that listening to stakeholders enhances successful leadership (Hinton 1994). Similarly, Boyd (2004) suggests that listening skills are a required competency for organizational administrators. Meeting participants showed a variety of responses from acceptance to frustration and anger. Individuals wanted to know how the new plan would work and who would be responsible for overseeing county paid staff when there was no longer a county extension education director on site. The restructuring planning and implementation process provided rich learning experiences to the administrators. The lessons that were learned as a result of the whole process have implications for administrators in various organizational settings.

### Lessons Learned, Recommendations, and Implications

Four major lessons were learned during the restructuring process.

#### 1. Communication

Communication with key constituents before restructuring may help assuage some concerns and result in early buy-in by stakeholders. Seeking early buy-in with key influences can help to positively manage change. A clearly articulated strategy linking the mission to objectives and plans of work is critical to successfully implementing a regionalization plan. Similarly, McKinley and Scherer (2000) identify communication across different hierarchical levels in an organization as useful in preventing social disintegration during restructuring. They identify maintaining employee buy-in as one important problem administrators have to deal with during

organizational restructuring as employees may find organizational restructuring chaotic. The employees need to realize that restructuring is an important process for organizational performance. This is only realized through open communication between the administrators and other employees. To enhance individual buy-in and comfort with reorganization, employees were encouraged to attend the 20 regional meetings to understand the regionalization plan and how their jobs would be impacted by the changes.

Jespersen (2004) emphasizes good communication as a key factor in successful regionalization. Administrators should communicate often with the different groups of staff across the organization and other stakeholders so the transition to a new structure is smooth and acceptable. Honing and refining the organizational change message is an important aspect of effective communication. For instance, although the same content was shared at all 20 listening sessions to unveil the plan, based upon early questions, areas that caused confusion were clarified in later sessions and greater time was spent in explaining those aspects of the regional plan. This communication was led by the administrative team because leaders must manage crisis situations (George, 2009). The way leaders handle organizational crises affects the organizational culture (Sims & Brinkmann, 2002).

## 2. Transparency of Finances

The transparency of finances is imperative for constituents to understand the allocation and use of the public's money in every walk of American life, not just organizations. Lowenstein (1996) identifies transparency of finances as "an eleventh commandment of American life" (p. 1342). He believes this emphasis is placed by American government on all stakeholders' "right to know". In a similar vein, Honore *et al.*, (2007) state that financial transparency is required of organizations with many stakeholders. Because CES has multiple stakeholders, all efforts were made to ensure an organizational financial analysis was online and readily accessible to constituents. The organization's fiscal situation was outlined for employees, customers, and stakeholders to see. Access for constituents helps build trust and confidence in the organization.

## 3. Needs Assessment

The team found that needs assessment tools should be kept current as suggested by Koundinya and Martin (2010). Administrators should conduct periodic needs assessments so data is current for unanticipated issues that arise. Documenting needs is not only useful for those currently scanning the environment for their own organization, but may be useful for others working in similar situations (Caravella, 2006).

## 4. Stakeholder Engagement

Providing public venues where people can learn about organizational change and ask questions is valuable. Owen *et al.*, (2001) suggest that addressing the informational needs of stakeholders is important for accountability purposes, and this can be achieved by dialogue and engagement. Further, stakeholder engagement helps in building long-term and mutually beneficial relationships for organizational sustainability (Maak, 2007). Public venues for discussion also provide administrators an opportunity to hear what constituents value for future organizational change.

Many issues surfaced in the months following the regionalization structure. In the 18 months after the restructuring to a regional approach, there were continuous opportunities to work with stakeholders. The County Extension Councils were significantly affected by the changes. The CES director(s) made numerous "walk abouts" out to the new regions to determine how to glean stakeholder input, developed special publications that addressed the partnerships, and did both qualitative and quantitative survey work of the relationship.

The process of addressing the issues from transitioning to a regional Extension model from a single county model is ongoing. But, ensuring proper communications within the CES and with the other stakeholders, having transparency of the public money, analyzing and documenting the relevant needs of the stakeholders, and engaging stakeholders in the process of planning and implementation have ensured the successful transition of the CES at the Iowa State University to a regional model. We recommend that administrators give due importance to communications, financial management, needs assessments, and stakeholder engagement in their organizational restructuring processes.

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