

**STAFFING THE CONSUMER EDUCATION FUNCTION:
ORGANIZATIONAL INNOVATION, NECESSARY SKILLS, AND
RECOMMENDATIONS FOR COMMISSIONS**

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EXECUTIVE SUMMARY

In the fall of 1997, the National Association of Regulatory Utility Commissioners (NARUC) Ad Hoc Committee on Consumer Affairs asked the NRRRI to examine the problems associated with staffing the consumer education function. This report details the results of that examination, which included interviews of staff from a number of commissions active in consumer education. It is presented in two parts: observations and recommendations.

Commissions face six overall human resource challenges: garnering adequate resources (financial and staff), retaining good staff in difficult times, hiring new staff with limits on salaries and in an uncertain environment, motivating staff, changing the commission culture to one that is more receptive to change and more compatible with the emerging commission environment, and identifying and creating the right skill mix. The last challenge listed is complicated by the fact that commissions need to retain old skill sets for use in transitional periods. In a survey of state consumer affairs directors, providing adequate staffing and resources was cited as the most serious challenge they face.

The NRRRI further identified six issues in organizing the consumer education function. They are: the context for organization; the parity between consumer education, consumer affairs, and public relations; the level of resources committed to consumer education; the choice of an in-house or external education service provider; the type of implementation approach; and the use of educational mission and goal statements.

Skills that will be necessary for staffing the consumer education function include strategic planning, instructional design, external relations, and public relations. Commissions have employed a variety of creative techniques, which are described in the report, to acquire those skills.

The report also contains recommendations most of which flow directly from NRRRI observations. They include:

- Initiating a cooperative effort by NARUC Committees and Staff Subcommittees to develop sample position descriptions for consumer education staff.
- Placing RFPs, education plans and materials, commission transformation reports, and related materials on the Ad Hoc Committee on Consumer Affairs website.
- Giving the consumer education function parity with other major commission functions.
- Retaining flexibility regarding staffing levels.
- Consolidating the consumer education, complaint handling, and public information functions.
- Using the resources of other organizations to reach consumers.

The remainder of the recommendations are listed in Chapter 3.

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FOREWORD

Staffing the increasingly important consumer education function at commissions is difficult in an environment of constrained resources but increasing expectations. Prepared at the request of the NARUC Ad Hoc Committee on Consumer Affairs, this study identifies the inherent difficulties in organizing and staffing the consumer education function, draws attention to the creative mechanisms used by states, and makes some recommendations for commissions.

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CHAPTER 1

INTRODUCTION

In the fall of 1997, the National Association of Regulatory Utility Commissioners (NARUC) Ad Hoc Committee on Consumer Affairs asked the National Regulatory Research Institute (NRRI) to examine the problems associated with staffing the commission consumer education function with the understanding that additional resources will likely be required for that function but that, overall, commission resources are very limited. As we began to examine the issue, it became apparent that the Committee needed application-oriented assistance and analysis. Indeed, in a survey conducted by Harriet Van Norte of the Georgia Public Service Commission, state consumer affairs directors cited the provision of adequate staffing and resources as the most serious challenge they face.¹

As we investigated this issue, two additional opportunities presented themselves. First, though some commissioners and staff are highly involved in the movement to inform and educate consumers, others are not as fully aware of the extent of the momentum of many commissions in that direction. This report may, therefore, provide some opportunity to address a wider audience about one issue integral to consumer education and to draw attention to the creative efforts of some states. Second, this movement toward greater emphasis on consumer education is the first, or one of the first, adaptations commissions will make as they transform themselves to their emerging environments. How commissions respond to this challenge may provide some guidance for their response to the staffing challenges of other new functions. Like other emerging commission functions, the consumer education function will require a redirection of commission efforts while, at the same time, commissions continue to

¹ Harriet Van Norte, "Top Management Issues for Consumer Affairs Offices," Survey, February 1998.

meet traditional regulatory requirements.² Like other emerging commission functions, a high level of uncertainty surrounds the consumer education function. As a result, there may be valuable lessons to be learned from commission experiences with staffing the consumer education function.

This report is presented in two major segments. Chapter 2 contains our commentaries on the challenges faced by state commissions as they attempt to staff the consumer affairs function, observations which were gleaned from our work with commissions and a telephone survey of a number of states active in consumer education. Issues addressed include overall commission human resources challenges, the organization of the consumer education function, and necessary staff skills. Chapter 3 details our recommendations.

² Of course, traditional regulatory oversight will not entirely disappear because of the water sector and the likely existence of captive customers remaining in parts of the telecommunications and energy sectors.

CHAPTER 2

OBSERVATIONS

The Overall Human Resource Challenge

Of all the challenges confronting public utility commissions in their rapidly changing environment, one of the most daunting, and one that has thus far received little attention, is the challenge to align human resources with the new demands on commissions. This challenge, to envision the future and configure human resources to respond to it, is complicated by the extreme demands of the current environment. It is an environment that requires that commissions and their staffs continue to perform traditional regulation for some sectors and portions of other sectors, while they undertake the extensive requirements of reconfiguring still others.

The human resource challenge facing commissions can be broken into six sub-components. Those components are listed below:

Garnering Adequate Resources

Without adequate resources, commissions will be unable to hire additional staff or, in some cases, avoid lay-offs. The expenditures of the average commission increased by nearly 150 percent in constant dollars in the twenty-year period between 1973 and 1993, largely as a result of the increased demands placed on commissions following the energy crisis of the mid-1980s, but more recently, commission budgets have reached a plateau or declined. Since 1993, average commission expenditures have declined by slightly over seven percent.¹ Despite the overall decline in

¹ David Wirick, et al., *Organizational Transformation: Ensuring Commission Relevance* (Columbus, Ohio: National Regulatory Research Institute, 1998), 95.

commission resources, several states report that additional resources may be available for consumer education in the near future.

Retaining Good Staff

Though the market for those with regulatory expertise may be tighter than it was in the past, for some commission employees high stress, uncertainty, and heavy workloads make a move from a commission staff to another employer an attractive career option. Finding ways to convince staff to stay at commissions, when the traditional rewards of commission employment (the potential for lifetime employment, a fairly certain career path, opportunities for promotion, and the satisfaction of a job well done in the public service) may no longer be in place, is a challenge. One argument that may be used to retain staff is the argument that commission staff in place during this transitional period have a tremendous opportunity to have a long-term impact on society.

Hiring New Staff

With increasing staff workloads, particularly during the transition to new forms of regulation, commissions will need additional staff resources. Unfortunately, tight budgets (as discussed above), administrative hurdles, and the belief by some policy makers that the role, and therefore the size, of commissions should shrink, have combined to cause delays in or impediments to hiring staff with the right skills. States report being forced to rely on creative efforts to recruit good staff. Examples include focusing recruiting efforts on the “trailing spouse” (a family member who has relocated to follow a spouse or significant other) and “selling” commission employment as an opportunity to make a significant impact on society in lieu of the use of traditional recruiting tools, such as competitive salaries or the opportunity for advancement.

Motivating Staff

In these difficult times, staff around the nation frequently cite low morale as a problem. To date, it seems that staff have been willing to work harder and longer to accomplish the workload. (Ironically, some staff who have, when interviewed, cited low commission morale also admit to working long hours to accomplish necessary tasks.) At some point, however, the long-term effects of an uncertain future and extremely high workloads will take their toll. In some cases, commissions are already beginning to suffer from the effects of high-turnover rates and the loss of key staff, and change efforts have been hampered by low morale.

Changing the Commission Culture

At the NARUC/NRRI Commissioners Summit in Denver in 1995, commissioners indicated the need to “change staff orientation.”² Operating in a new environment will require not only the application of new skills (either through hiring new staff or retraining existing staff), it will also require that staff change their ways of operating and thinking and become more receptive to change. It will require that the commission culture changes. For example, if commissions are to become more adept at educating consumers, all commission staff will need to become expert at providing information and assistance. Changing an institutional culture that has been in place for decades is not easy. As one indicator of resistance to changing culture, as the commission consumer education function expands, managers may perceive an outbreak of “turf protection” from those staff and managers in more traditional functions that stand to lose resources.

² Staff of the National Regulatory Research Institute (NRRI), *Missions, Strategies, and Implementation Steps for State Public Utility Commissions in the Year 2000: Proceedings of the NARUC/NRRI Commissioners Summit* (Columbus, Ohio: NRRI, 1995), 18.

Identifying and Creating the Right Skill Mix

Acquiring resources for consumer education is not enough: commissions must also identify the skills necessary for consumer education and bring those skills to the commission. Unfortunately, the need to retain old skills during the transition period and civil service requirements will work together to complicate the task of adding new staff with different skill sets to the commission inventory. Given the difficulties inherent in replacing existing staff, training may be one option for changing the commission skill mix. Creating the right skill mix through training is complicated, however, by tight training budgets, heavy demands on commission staff time, and the substantial skill sets required for staffing the consumer education function. Vacant positions in other departments are in some cases being transferred to the consumer education function as a means of shifting resources (that is, the ability to hire staff) to consumer education. Other options that will be discussed later in this report are the use of temporary staff, interns, and consultants.

Organizing the Consumer Affairs Function

Success of the commission consumer education function depends in some measure on its placement within the commission organization and on its internal organization. Consumer education is closely linked to two other commission functions: complaint handling and public information, which includes interaction with legislators and with the press. In practice, the three functions may be difficult to separate. The separation of functions may be further complicated by the fact that the functions are likely to influence one another. For example, programs that educate consumers about slamming may increase, rather than decrease, the number of consumer complaints about it. Similarly, analysis of consumer complaints can help commissions identify necessary areas for consumer education. Efforts are underway in California and Ohio to link consumer complaints to policy making and enforcement actions.

At a bare minimum, for effective policy making and to coordinate policy initiatives, these functions must have a cooperative working relationship with one another. According to the NARUC Consumer Education Survey, “Expertise and coordination from both the consumer and the media side is critical to meet the established mission of the commission to do more consumer outreach.”³

No one type of organizational structure has predominated among state commissions that have redesigned, or are in the process of redesigning, their consumer education program. Several salient factors influencing the organizational structure chosen include whether or not:

- the focus was only on consumer education or consumer education within a larger context (such as electric industry restructuring),
- distinctions were drawn between consumer education, public information/mass media, and complaint-handling,
- in-house versus external staffing was preferred, and
- new resources were available.

The Context for Organization

The commissions examined seemed to have organized their consumer education function within one of four contexts.⁴ The *first context* is the move to more competitive utility markets. In California, New Hampshire, Illinois, Vermont, Maine, Ohio, and Florida, the substantial restructuring of utility markets and the regulatory policies governing them are the visible drivers of consumer education organization.⁵

³ Bev DeMello and Harriet Van Norte, *Consumer Education Survey* (NARUC, 1997), 3.

⁴ These categories are not mutually exclusive. Rather, they center on the strongest contextual factor apparently driving subsequent consumer education decisions.

⁵ See California Public Utilities Commission, *Interim Order*, Decision 97-03-069, March 1997.

The central focus was not on consumer education, per se, but rather on how to eliminate one barrier — the under-educated consumer — to the transformation to competitive markets envisioned by the restructuring efforts. In New Hampshire, the focus of consumer education was the elimination of barriers to the transformation to competitive markets and to provide consumers with the tools to take advantage of the potential of competition.

In Iowa, Tennessee, and Michigan, commission transformation, which is the *second context*, may have most strongly influenced the organization of the consumer education function.⁶ Here a commission, either through self-appraisal, or in response to a legislative mandate, may seek to redesign or transform itself in ways that better allow it to meet future changes in the environment and to best achieve state regulatory goals. A specific industry restructuring proposal is not the spark. Instead, the commission makes a forecast of broad regulatory parameters and decides to modify current commission structures and processes in ways intended to match future needs. These efforts are also often distinguishable by the existence of task forces or reports addressing a comprehensive restructuring of the commission.

A *third context* for organization appears to be a reaction to a rapid increase in consumer complaints, which has been reported by several states. As the commission's response here is not driven by macro industry or commission restructuring, the concerns are more narrow, however heartfelt. The *fourth context* occurs in situation where the "good manager" is the primary impetus for change. In these cases, the scope of changes is somewhat narrow and reflect more the relevant manager's perception that changes are needed. Changes occur because of the commitment of the manager to effective change, but the proposed changes do not necessarily occupy a dominant position on a commission's overall decision-making agenda. Expanding from a pure print distribution mode to an Internet information distribution mode is one

⁶ Michigan Public Service Commission, *1996 Annual Report* (Lansing, Michigan: Michigan Public Service Commission, 1997), and Structure Team of the Iowa Utilities Board Staff, *A Proposed Structure For The Iowa Utilities Board: Final Recommendation* (Des Moines, IA: Iowa Utilities Board, 1997).

example of the kind of changes a good manager could conceptualize and implement. Changes driven by each context are summarized in Table 1.1.

Differentiation of Similar Functions

Despite the similarities between consumer education, public information, and complaint handling, commissions have had to decide whether to recognize each as a separate activity or to integrate them. Combining the functions maximizes the possibility of close coordination but isolates the function in one unit, perhaps implying that it is an autonomous function not requiring close integration with other integral commission functions. A combination of functions in one unit may also have the effect of deemphasizing one or more of the functions. For example, if the unit manager has a particular interest or background in legislative or media affairs, that function may receive more emphasis than the others. Commissions may also split the functions to prevent the appearance of “empire building.” Three patterns of organization were observed: parity, decentralization, and consolidation.

Table 1.1

**Selected Key Context Attributes Influencing Changes
In Commission Consumer Education Staffing**

Context	Industry Re-structuring	Commission Transformation	Increase in Consumer Complaints	The Good Manager
Who	Governor, legislators, commissioners	Commissioners, legislators, commission staff	Commissioners, commission staff	Commission staff
Style	Comprehensive	Comprehensive	Focused	Focused
Impetus	External	Internal	Internal	Internal

Source: Author’s construct.

Parity means having a division, bureau, section, or office status for consumer education equal to those of the other major functions in the commission. For example, in Virginia the Division of Information Resources is the liaison between the Commission and the news media and other groups. It also coordinates public information activities, handles inquiries, issues press releases, and serves as the official spokesman. It has division status.⁷ In Kentucky, consumer education was also recently elevated to division status.

On the other hand, the functions can be decentralized. In Michigan, the complaint-handling function, previously handled in the Executive Secretary Division, has been dispersed to each utility division. The consumer education function stayed in the Executive Secretary Division, along with the public information office function.⁸ The intent was to divide-up and move the complaint-handling function into each of the utility divisions, giving each division an enhanced service-quality unit. The Executive Secretary Division continues to coordinate the monthly and quarterly summaries of consumer contacts handled by the service-quality section staff of the Electric, Gas, and Communications Divisions.

Other states have consolidated functions. In California, the Consumer Education Unit is located in the Consumer Services Division. Other units in the Division include utility safety, consumers affairs, enforcement, and household goods. The Division was created as a part of California's industry restructuring effort with the intention to combine intake functions with education, outreach, and enforcement efforts.

In Iowa, the Public Service and Consumers Services Bureau was eliminated and replaced with a higher-level Customer Services Section that includes legislative liaison, education/information, and consumer assistance.⁹ The Iowa Utilities Board Structure

⁷ See <http://dit1.state.va.us/scs/division/ird/index.htm>.

⁸ The actual title used is Consumer Information. These changes occurred in 1995. See <http://ermisweb.cis.state.mi.us/mpsc/orgchart>.

⁹ Structure Team Iowa Utilities Board Staff, *A Proposed Structure For The Iowa Utilities Board: Final Recommendations* (Des Moines, IO: Iowa Utilities Board, 1997), 3-8.

Team's *Final Recommendations* report identified consumer relations as an area of potential growth and determined that proactive outreach in the form of education and information could be a major point of future emphasis.

Level of Resources

It is not surprising that, in those commissions where major changes in the consumer education function occurred, the changes were accompanied by corresponding changes in funding. In instances where the changes were of a smaller magnitude, resource levels either did not change, or were incremental.

Four of the states examined had significant increases in the level of resources supporting consumer education. In California, significant new funds are available as a part of the unprecedented overall 87.5 million dollar electric industry restructuring consumer education effort. The new funds are not permanent funds as several of the educational activities are intended to sunset after a period of time. In New Hampshire, new staff will not be added, but a consultant was hired to design the educational outreach plan, and approximately a million dollars will subsequently be available to hire a consultant to implement the plan. Like California, the funding is from fees levied on the utilities.

In Illinois, specific educational changes have not yet been implemented, but it is anticipated that in the next biennial budget additional revenues will be appropriated specifically for new consumer education efforts called for by Illinois legislation. In Kentucky, two new positions are being budgeted.

In Tennessee, one source of educational funds was the use of fines collected by the Tennessee Regulatory Authority (TRA). The TRA has the ability to fine utilities for infractions and use the fines for its operations. It has directed some of the revenue generated toward consumer education projects. This appears to have been used mostly for one-time expenditures such as brochures rather than for base level funding

of staff.¹⁰ A consumer education specialist has also been added and new budgetary resources made available.

In Florida, aggregate Commission resource levels did not change. Instead, the consumer education function was increased from two to a total of six staff by transferring unfilled vacancies from other divisions. In Iowa, the expanded role of the new Customers Services Section reportedly will require new resources, although no new hires have yet been made. Overall Iowa resources are not expected to change. In Michigan, overall resource levels did not change, as staff were transferred from the Executive Secretary's Office to the utility divisions. Virginia reported no change in resource levels.

Choice of Education Service Provider

The central issue driving commission decisions about the organization of the consumer education function may have been a hard-eyed appraisal of whether or not the commission had the internal staff expertise to design, implement, and manage an expanded function. Commissions may have also based their decisions on their perceptions of the relative permanence of the consumer education function. While most believe that consumer education will continue to be a commission function for the foreseeable future, many also believe that current levels of consumer education will not need to be sustained once consumers become comfortable with the operation of more-competitive markets (that is, they believe that there will be a "bubble" in the need for consumer education).

Use of outside consultants is a standard commission management tool that historically has been used to supplement commission staff expertise. As the consumer education function is new, especially in terms of visibility, outreach, and hoped for impact, some commissions have felt the use of consultants to be the best stewardship

¹⁰ Eddie Roberson, *Consumer Education Outreach Programs in Tennessee: A New Mission for a State Regulatory Commission*, Draft paper, December, 1997.

of their available resources to use consultants. In the most visible example, the California Commission issued a \$2 million contract to hire a consultant to design a consumer educational outreach program.¹¹ Because the Commission envisioned a spike in consumer complaints that would then level off, it decided not to staff-up the complaint-handling function with new full-time Commission employees. Instead it created an external Independent Call Center (ICC). Once the complaint spike stabilizes, the Commission will be able to right-size the function. Considerations here might include tradeoffs between retraining existing rate analytical staff versus transferring ICC staff.

A similar approach was followed in New Hampshire where the Commission hired a consultant to design a Public Education Plan (PEP). The PEP is to be implemented by a consultant and envisions an Electronic Competition Answer Center staffed outside the Commission.¹² Tennessee added a staff member to design an education effort with new monies.

Two kinds of in-house changes have been made by state commissions. In the first, changes were made that require a reallocation of resources between divisions within the commission. In Michigan, this change moved complaint-handling staff from a central office to the utility divisions. In Florida, inter-divisional transfers of position vacancies were used to staff-up the education function. In Virginia, no change was made in provisioning, and all improvements were made within the constraints of stable budgets. The Georgia Commission has used interns from the Governor's Intern Program to prepare educational materials, initially for the Commission's web page and later for print distribution.

¹¹ California's activities fall under the Educational Trust established by Commission Decision No. 97-03-069, which has been extended by legislation until December 31, 2001. See http://www.leginfo.ca.gov/pub/bill.../sb_477_bill_970815_chaptered.html, 1997, 28.

¹² See New Hampshire Public Utilities Commission, *Public Education Plan for Electric Competition*, <http://www.puc.state.nh.us/edplan.html>.

Implementation Approaches

In general, commissions can implement consumer education programs by using one of two approaches: long-range strategic planning or incremental planning. Both have implications for staffing decisions. Commissions, such as California and New Hampshire, have built their consumer education activities into large-scale strategic planning processes. Still other commissions, such as Florida and the New Jersey, are in the final stages of plan approval.

Commissions that use long-range strategic planning processes use the planning process as a vehicle to identify the educational activities of the consumer education unit and the subsequent staffing needs. As a result of planning and reorganization, the Consumer Services Division of the California Commission is now composed of five units, one of which is the Consumer Education Unit.

To implement consumer education activities, the California Commission contracted with an outside agency to conduct focus group research and design consumer education materials. Similarly, New Hampshire hired a consultant to design its Public Education Plan and hired a consumer specialist with an educational background. Ohio formed an interdepartmental team to develop and implement its public education campaign. The team was comprised of technical staff, consumer-oriented staff, and communications staff.

Other commissions, which have not been allocated significant additional funding or staff, approach consumer education incrementally. Georgia, for example, uses fees and per diem money for temporary, or non-merit system, employees to help it carry out its educational activities such as preparing public service announcements. Often the skills and expertise of the existing staff play a major role in the decision of how to plan, design, and implement consumer education. Usually, a commission in this position will expand its consumer education function in the manner which best draws on the skills and expertise of the existing staff and requires a minimum number of additional staff or

consultants. As an example, one commission recently shifted its public information focus from print-based communications to Web-based communications.

Other commissions looked at how existing staff can be retrained to assume consumer education responsibilities. In a few instances, technical staff have volunteered to help write consumer education materials. In other instances, part-time or temporary staff, interns, or freelance talent have been engaged to help alleviate busy periods or bring additional skills to the consumer education function. The Georgia Public Service Commission hired a press aide on a temporary basis.

Still, other commissions have had the luxury of hiring a few new staff members. Commissions in this position either hire additional staff who bring new skills to the department or generalists who can assist a variety of staff members with their projects. Tennessee hired one additional staff member to develop outreach programs, and Ohio recently recruited a communications generalist.

The type of approach that a commission is using will impact staffing decisions in many ways. As an example, a commission that is implementing a long-range consumer education program may hire an outside agency to develop the consumer education materials. These commissions will need staff with the skills to provide general oversight of consumer education efforts. These skills include strategic planning, a general knowledge of media production, and the ability to supervise the work of consultants. On the other hand, a commission with limited additional resources might hire a new staff member who had a wide-variety of production skills, as did the Ohio Commission.

Importance of Educational Mission and Goal Statements

A commission transformation perspective suggests that commission structures, resources, and staffing should be purposefully related to explicit, shared, and official goals. At the macro level this means that a commission mission statement would explicitly include consumer education as a goal. Exclusion or omission may mean that

a commission has decided that consumer education is important, but is not yet significant enough, given other competing demands on a commission, to be an explicit goal. None of the commissions contacted had consumer education included in its overall mission statement. This may be an historical oddity, given the traditional goals of state commissions and the relative recency of the awareness that transformation to competitive markets may depend as much on educated consumers as on the other regulatory reforms launched.

Can a commission have a first-rate consumer education program without a clear reference in the overall commission mission statement? Of course it can. But, the consumer education program would likely exist as a tangential function not fully integrated into the rest of the commission's activities. Its success would depend on the unique characteristics of the incumbent "good manager." Inclusion in the commission mission statement is not needed for pedantic purposes. Rather, if mission statements guide resource allocations and help set priorities in transforming a commission to meet future needs, then the presence or absence of a consumer education goal is an important indicator.

Of the states examined, only Tennessee had a specific mention of education in one of the goals supporting its mission statement. That goal states that the TRA will develop a proactive education and public affairs strategy.¹³ Other states may have the word "information" in their mission statement or supporting objectives, but most states had no specific mention of education in their mission statement.¹⁴ This is particularly interesting since one major finding at the Summit 2000 (and in many other regulatory

¹³ Eddie Roberson, *Consumer Education Outreach Programs in Tennessee: A New Mission For a State Regulatory Commission*. Draft paper, December 9, 1997, 2.

¹⁴ Iowa has an objective statement following its mission statement that says "...directly assist customers by providing information and investigating complaints." See <http://www.state.ia.us/government/com/util/util.htm>.

meetings and publications) is that commissioners expected that education would be one of the more important commission roles in the future.¹⁵

As one surveyed staff member noted “It is important for the commission to decide who has the primary responsibility for educating the consumer. Is it the commission? The utility? Or the schools?” A mission statement may be a good place to sort out this issue. It is true that mission statements tend to lag behind policy debates— said another way, if mission statements had to change with each new issue presented before the commission, then their lack of stability would offer little guidance for resource allocation and policy guidance. On the other hand, if a significant new and enduring function emerges, perhaps replacing rate-setting, revision of the mission statement is one of several related planning and management decisions that may need to be made.

At the level of the organization where the education function is located, goals are likewise important. This is particularly so because of the tendency for consumer services, education, complaint-handling, public information, and mass media functions to be included in one division. It would be fair to say that historically the public information and complaint-handling functions have previously been the primary activities of these divisions. Adding, or elevating, consumer education requires either a reallocation of existing resources or identifying additional resources. Stating consumer education as a specific divisional goal visibly emphasizes the need to make resource allocation, priority setting, and staffing decisions.

Several states have developed goal statements for the division that deals with education. These statements differ in complexity and scope. While the guidance given by most of the goal statements is not specific or complete enough to “run the division,” they at least show that a division has crossed an important threshold by officially

¹⁵ National Regulatory Research Institute, *Missions, Strategies, and Implementation Steps For State Public Utility Commissions in The Year 2000: Proceedings of the NARUC/NRRI Commissioners Summit* (Columbus, Ohio: The National Regulatory Research Institute, 1995), 4.

recognizing consumer education as a distinct focal point. Sample divisional education goal statements found include:

Michigan

The Executive Secretary Division has a duty description that includes “...providing consumer outreach and education on natural gas, electric, and telephone issues to Michigan utility customers...”¹⁶

California

The California Commission's *1997 Business Plan*¹⁷ states in its Vision 2000 that

The Commission will continue to develop consumer protection rules that new market competitor entrants must abide by. It will also facilitate consumer awareness in the new competitive environment by providing information consumers need to make informed choices regarding competing service providers. The Commission must be prepared to respond quickly to consumer problems or anticipate and prevent them.

Its Consumers Services Division (CSD) has program and unit objectives that describe the scope of the educational effort.

Program IV: Public Information and Education

Objective A: Educate the public regarding Commission matters, decisions, and public service and safety issues.

Strategy 3. Consumer Education The CSD will develop and implement a consumer information campaign to address the most important consumer issues. The initial emphasis will be on an electric restructuring plan to equip every electric consumer in California with the information necessary to act on opportunities and choices in the new market structure and protect consumers by providing additional monitoring of market practices. CSD will conduct a timely, comprehensive education campaign that will reach every California customer with essential information in a reader-friendly format plus

¹⁶ Michigan Public Service Commission, *1996 Annual Report* (Lansing, MI: Michigan Public Service Commission, 1997), 15.

¹⁷ See http://www.cpuc.ca.gov/business_plan/sec_14.htm.

establish appropriate protective mechanisms and strategies to monitor market practices during the transition period of 1998 through 2002.¹⁸

The CSD Policy Impact and Consumer Education Unit Functions include:

Identify, analyze, and evaluate emerging trends and concerns requiring Commission attention in the future

Create and maintain communications channels with staff in other divisions

Survey consumers to find out what they think about Commission services

Develop an aggressive educational campaign to promote consumer awareness of choices available to them in competitive industries and develop consumer education information packets

Create a consumer coordinating forum in which consumers can find out about issues and trends and voice their opinions and general concerns.¹⁹

Florida

The mission of the Division of Consumers Affairs is to provide the best consumer services in Florida. To accomplish this mission, it will act as an Information Resource Center to consumers and:

Goal 1: Provide consistent quality of service to consumers with whom we have contact

Objective 1: Answer 95% of all consumer inquiries in an accurate, timely and courteous manner.

Objective 2: Establish goals and assess progress for Conservation Education Programs.

¹⁸ Ibid., 1-6.

¹⁹ See http://www.cpuc.ca.gov/divisions/CSD/CI_E/cie.htm.

Goal two: Educate our target audience on current and emerging industry issues and the role of the PSC.

Objective 1: Increase output of PSC brochures created for these educational efforts by 100% over a three-year period.

Goal Three: Provide accurate, timely, comprehensive information to our target audience.

Objective 1: Provide accurate, timely, comprehensive information 100% of the time.²⁰

One factor influencing the Florida Division of Consumer Affairs goal selection was its interest in responding to the Florida Public Service Commission's Inspector General's *Division of Consumer Affairs Operational Audit*. While the *Audit* recommendations did not refer to education, they did speak to the need to develop a goal-based reporting system and call tree. The relevant staffing issue is that since increased reporting responsibilities in Florida (and in other states) is called for, should an educational division have position descriptions and personnel in the consumer services group with these performance measurement skills or can these skills be best imported from another commission division or consultant?

Tennessee

The Consumer Services Division (CSD) is responsible for monitoring the quality of services provided by regulated utilities, and enforcing the rules and regulations of the Tennessee Regulatory Authority. A major aspect of the duties of the CSD is to investigate and mediate consumer complaints involving regulated utilities. The CSD also acts as the consumer outreach office for the Authority by developing and implementing programs to educate the public on utility issues.

²⁰ See Division of Consumer Affairs, Florida Public Service Commission, *A Blueprint For Excellence: Toward Providing the Best Consumer Services in Florida* (Tallahassee, FL: Florida Public Service Commission, 1998), 35-44. The Division of Consumer Affairs has other goals and objectives related to its support of overall Commission activities that are not listed here.

Illinois

Illinois HB 362 instructs the Illinois Commerce Commission to launch a consumer education program because of the electric industry restructuring. The intent of the legislature is that “(i) electricity consumers be provided with sufficient and reliable information so that they are able to compare and make informed selections of products and services provided in the electricity market; and (ii) mechanisms be provided to enable consumers to protect themselves from marketing practices that are unfair or abusive.”²¹ The educational effort is intended to make electric industry restructuring go smoothly and efficiently because of the presence of informed consumers.

New Hampshire

In its *Public Education Plan*, the New Hampshire Commission identified the objective:

...enable New Hampshire consumers to make informed, knowledgeable assessments of their electric energy options in the state’s new competitive electric energy marketplace.

Position Descriptions

At the level of individual staff, job descriptions, recruitment, training, and retention benefit from having the internal coherence given by accurate position descriptions. By way of analogy, just as a commission makes fine distinctions and hires staff with very specific expertise in one focused area of commission operations, so too will the education function benefit from similarly focused position designations.

We did not find any particularly helpful position descriptions. However, we did ask the lead person interviewed in each state about the one thing they would improve upon in their educational staffing effort. It is striking how many of the comments

²¹ State of Illinois, HB 362 Electricity Deregulation Bill, 1997, 64-70.

addressed similar, key characteristics of a forward-looking education staff position description. Table 1.2 lists desired outcomes and related staff attributes.

Table 1.2

Desired Outcomes and Potential Position Description Attributes

Desired Outcomes Mentioned	Potential Position Description Attributes
What is the best way to get complex information to people? Just as we all do not read our insurance policies or mutual fund prospectus, what realistically can we expect for our own complex field?"	Knowledge of communications and instructional design
Would like to use the Internet more	Knowledge of Internet and related programming
Need to search out more opportunities to use public service announcements	Knowledge of mass media and external relations
Consumer workshops work better when co-sponsored	Knowledge of curriculum planning and community education
One of the first steps in developing a consumer education plan is to conduct a needs assessment.	Knowledge of needs assessment, curriculum development, and consumer behavior
Need a way to better utilize mass media.	Knowledge of mass media and media production
Need to focus on special needs populations.	Knowledge of needs assessment, curriculum development, consumer behavior
Need to make better us of dispute resolution	Attorney or dispute resolution and mediation training
A need exists for a commission-wide outreach and education effort.	Knowledge of curriculum development and community education
Need to make more opportunities to speak to the public.	Knowledge of speakers bureau coordination, community education, and external relations
Need to move from a complaint model to a prevention model	Knowledge of strategic planning, program design, and implementation
In telecommunications we were not able to compare rates, but we may be able to after electric restructuring. Need to do this on a regional basis	Knowledge of rate analysis and instructional design

Source: Author's construct

Given the frequently expressed interest in using Internet and home page resources, should the consumer education group seek individuals with these skills, rely on other commission staff, or use a consultant? This generic question applies for each of the potential position attributes identified above; that is, Should the unit responsible for consumer education hire, borrow, or rent these needed skill areas?

Necessary Skills and Expertise

As indicated by Table 1.3, consumer education skills and expertise can be separated into the subcategories of marketing, instructional design, public relations, and evaluation. Each of the skill areas is discussed in turn.

Table 1.3

**Education Skills and Expertise
Used in Commission-Sponsored Consumer Education**

Strategic Planning	Instructional Design	External Relations	Evaluation
<ul style="list-style-type: none"> • Market Research • Policy Analysis • Knowledge of Consumer Behavior 	<ul style="list-style-type: none"> • Curriculum Development/ Planning • Resource Identification • Production Skills²² 	<ul style="list-style-type: none"> • Media Relations • Legislative Relations • Government Relations • Inter-Organizational Collaboration 	<ul style="list-style-type: none"> • Program Evaluation • Policy Analysis

Source: Author's construct.

²² The actual production skills will vary according to the mix of instructional products. However, the skills listed above are ones that are necessary for the types of instructional products that commissions commonly use to educate the public.

Strategic Planning

If strategic planning is to be employed to design consumer education programs, staff will need to have some expertise in market research and policy analysis and have an understanding of consumer behavior. Application of these skills is evident in the plans for consumer education that have emerged to date. The plan which has received the most national attention is California's consumer education program. The California plan integrates the delivery of phased mass media messages, direct mail to each electric consumer, multi-ethnic and multi-lingual materials and grass roots, organization-sponsored outreach educational activities.

Vermont developed *A Consumer Information and Education Plan* as a recommendation for a comprehensive education plan for electric restructuring. Other commissions, such as those in Massachusetts, New Jersey Florida, and New Hampshire, have also based their consumer education programs on strategic planning. As an example, New Jersey has a proposed consumer education plan that identifies goals, messages and target audiences, proposes a campaign timeline and program strategies, as well as communication tools by which to accomplish these educational efforts.²³ This plan divides target markets into four segments: residential consumers, small business consumers, special need consumers, government leaders and key influencers.

Several commissions conducted market research prior to the design of their consumer education programs. The California Commission conducted focus groups among the following populations: general consumers, seniors, Afro-Americans, small commercial customers, and farmers. These focus groups provided valuable input on awareness and reactions to deregulation; types of consumer information consumers are interested in (such as what they will pay, what their rights are as electricity

²³ The Education Subcommittee on How to Educate New Jersey's Consumers About Electric and Gas Restructuring, *Consumer Education Report to the Consumer Protection Committee Advisory Task Force Executive Committee*, (Newark, NJ: New Jersey Board of Public Utilities, December 1997), Section II: Summary Report on Consumer Education to the Consumer Education Subcommittee, 2.

customers; the most credible sources of information); and consumer reactions to advertising materials. The focus groups were conducted by an outside agency and supervised by the Director of the Consumer Services Division. Other consumer education departments with limited budgets might choose to engage the services of university marketing department faculty who supervise field experiences in which students design and conduct marketing research projects for undergraduate or graduate credit.

Instructional Design

Results of the survey by DeMello and Van Norte indicate that state public utility commissions are using a variety of instructional products with which to educate the public. Consumer education materials being used or planned by commissions include newspaper advertisements, legal ads, bill stuffers, door hangers, fact sheets, brochures, newsletters, displays, information repositories, interactive computer formats, and kiosks.²⁴

Since most commissions will not have staff members with expertise in the design of all of these instructional products, many commissions will find it necessary to hire outside agencies and contractors or use resources from other areas of the commission. For example, the Ohio Public Interest Center of the Ohio Commission maximized its ability to develop educational resources by pulling together quick-response teams from all areas of the agency.

²⁴ Although many of the products, such as press releases and brochures, discussed in the instructional design section are also used for external relations, this section discusses the instructional design skills and expertise necessary to produce these products. The external relations section will discuss these products in the context of the necessary public relations skills and expertise.

External Relations

Commissions are increasingly recognizing that developing and maintaining good relationships with external stakeholders is salient to their endeavors to educate external stakeholders. They are becoming aware that it is easier to reach, and thus educate, external stakeholders with whom they have open lines of communications and established relationships. Regardless of where the external relations function resides, commissions are placing greater emphasis on communicating with external stakeholders, and consequently are increasingly in need of additional external relations skills. As a result, commission staff will need to be skilled in media and government relations and inter-organizational collaboration.

Commissions are recognizing the fact that the media are the “gatekeepers” who control the consumer education material that flows to the public and that making a reporter’s job easier is a key to developing and maintaining effective media relations, as well as a key to the success of their consumer education endeavors. As an example, The Division of Consumer Affairs at the Florida Commission plans to take a more proactive approach to its media relations program. At present, four staff members handle all external relations functions. These functions include preparing an average of 80 media releases per year, responding to media calls, producing radio and television PSA’s, and producing publications and other consumer education materials.

Often messages delivered through grassroots organizations that have already established the trust of their constituents are viewed as more objective. The use of grassroots organizations can also maximize commission resources. The task force report for the New Jersey Board of Public Utilities proposes to use grassroots organizations to deliver their consumer education plan, particularly for special needs customers, such as the elderly, the low-income, and non-English speaking customers.

Evaluation

The purpose of evaluation is to ensure that the consumer education message is understood and to determine where further educational efforts are needed. It is a skill that will be needed to perform successful consumer education.

In order to evaluate the effectiveness of its pilot program, the New Hampshire Commission contracted with the University of New Hampshire Institute for Policy and Social Science Research to assess consumer attitudes concerning their pilot electric industry restructuring program, which has been in operation since June of 1996. The survey contains information about consumer expectations and reactions to price reductions, as well as attitudes about the ability to choose suppliers.

The Florida Commission plans to use their consumer education Goals and Objectives, as identified in *A Blueprint for Excellence: Toward Providing the Best Consumer Services in Florida*,²⁵ as a way to guide its activities and measure its performance. Staff will re-evaluate these strategies as new objectives and goals are established. The New Jersey Board is considering a proposal to conduct ongoing evaluation of its consumer education activities, and the results will be used to modify program materials, strategies, and implementation procedures, as well as to determine if the plan has achieved its goals and objectives. In most instances, the commission staff who develop the consumer education plan will also be the staff members who monitor and evaluate it.

Commissions are also using evaluation results for policymaking. Both Ohio and California are linking consumer education to policymaking and enforcement actions. Results of the evaluation of Ohio's "Toledo Experiment" indicated that consumers become confused when bombarded by a blitz of media messages from service providers, suppliers, and government agencies. In response, the Commission issued a "moratorium" on marketer advertising for a prescribed period during which the

²⁵ Division of Consumer Affairs, *A Blueprint for Excellence: Toward Providing the Best Consumer Services in Florida* (Tallahassee, Florida: Florida Public Service Commission), 1998.

Commission, Ohio's Consumer Counsel, and the local distribution company were the only parties permitted to engage in media communications.

CHAPTER 3

RECOMMENDATIONS

Our recommendations are listed here. Most flow directly from our observations of state experiences to date in staffing the consumer education function.

1. The Ad Hoc Consumers Affairs Committee should work with the NARUC Executive Directors, Public Information, and Consumer Education Staff Subcommittees to design sample position descriptions for education specialists. Specific skills are needed to do education and outreach. Just as it makes sense to have specific position descriptions elsewhere in a commission, so too does it here. Though commissions may need to reassign some staff as commission missions change, these position descriptions may be used to ensure that staff assigned to the consumer affairs and consumer education programs have the necessary skills prior to their assignment.
2. The Ad Hoc Committee on Consumer Affairs' website should be augmented by: the specific educational material produced in California, New Hampshire, and Illinois; the Requests For Proposal (RFP) issued by New Hampshire and California; the self-study, commission transformation reports produced (in varying forms) by Iowa, Florida, California, and New Hampshire; and the order and any other related material that the Tennessee Regulatory Authority used to support the use of fines as a funding source for consumer education activities
3. Though a variety of patterns of organization exist, the trend is to elevate the consumer education function within the commission organization. Indeed, some knowledgeable observers believe that education will be the major function of commissions in the future. As a result, whatever organizational arrangement is contemplated, the consumer education function should be granted organizational parity with other essential and central commission functions.

4. Even though consumer education will likely remain an important commission function, a “bubble” may exist in the level of education required by consumers (i.e., the substantial need for consumer education during industry restructuring may decrease somewhat when consumers become more adept at finding their way through more-competitive markets). As a result, commissions should seek to maintain staffing flexibility in the event that consumer education needs decline in the future.
5. Although there are valid arguments (e.g., centralization and decentralization) on both sides, better outcomes may be produced by combination of the public information, consumer education, and complaint-handling functions. Arguments for combination might include producing economies of scope, better efficiency, synergy between elements, better coordination, reaching critical mass, creating a co-equal force at the commission, and sharing skills and interests.
6. Consumer educators should identify the community organizations already presenting services to their target populations and seek their assistance. They should use the consumer education effort to learn more about the needs of the public.
7. The Ad Hoc Committee and Consumers Affairs and Public Information Staff Subcommittees should talk through whether some clarification and definitions are needed in some important terms that appear to be used interchangeably, such as public information, information, education, outreach, consumer affairs, complaint-handling, and consumer services. The public utility field gained a lot of coherence when distinctions were drawn between generation, transmission, and distribution; between intra-state and inter-state; between wholesale and retail; between costing and pricing, and; regulated, unregulated, and competitive services. Though the NARUC Ad Hoc Committee on Consumer Affairs and the two staff subcommittees appear to interact nearly seamlessly, common definitions of terms might help other regulators form a clear vision about what is being accomplished.

8. Similarly, commissions may want to consider the development of common definitions of terms that marketers are allowed to use. Similar definitions have been put to good use in the effort to minimize consumer confusion by the U.S. Food and Drug Administration.
9. All commission staff, not just those in functions related to consumer affairs, should be made aware of the need to educate and inform consumers and should be provided training, if necessary, so that the entire commission might become “consumer-centered.”
10. The relevant NARUC Committees and Staff Subcommittees should consider the development and maintenance of a talent bank, maintained on the Committee website. That talent bank could identify staff who might be willing and able to provide advice or assistance to other states in need of expertise. Similarly, they might consider the establishment of a resource directory on the website providing descriptions of upcoming conferences and workshops on the subject.
11. The relevant NARUC Committee and Subcommittees should consider annual skill-building workshops and outreach to other NARUC Committees and Subcommittees. For example, in April 1998 the Staff Subcommittee of Executive Directors is dedicating its annual meeting to the topic of serving consumers. Members of the Staff Subcommittee on Consumer Affairs are helping to plan the agenda and are making presentations.
12. State commissions should allow consumer affairs and consumer education staff to participate in and support the activities of the relevant NARUC Staff Subcommittees.