



Everything Michigan

THE ANN ARBOR NEWS

Shared services is a real path out of the state budget crisis

Monday, February 19, 2007

BY D. KERRY LAYCOCK

I cannot imagine a more difficult job than governor of Michigan. We live in a state with an economy that is based on faltering manufacturing and the move to a new economy has proven slow and painful. I believe it will get worse before it gets better. More jobs will disappear and with them the economic security once provided by large profitable corporations. We are only now beginning to grasp the full impact of Pfizer's decision to close its Ann Arbor facility.

I admire Gov. Jennifer Granholm's commitment, focus and confidence. Her recent State of the State speech demonstrated a clear vision for the future of our state, while at the same time offering a practical plan for getting us from here to there. It is a rare quality to be both visionary and practical. It is especially rare among our elected officials.

I believe that two related elements of the governor's plan are especially important and potentially overlooked. The governor wants increased intergovernmental cooperation on services to achieve greater efficiencies. Specifically, the governor called for:

- Providing financial incentives for school districts to consolidate business services.
- Basing revenue-sharing increases to cities and counties on their efforts to share services or consolidate.

Shared services offers enormous opportunities for lowering the cost of government while at the same time increasing the quality of service provided. Back-office functions such as human resources, payroll, purchasing and information technology, to name a few, can be done on a shared-services basis, resulting in significant savings. The same may be true for the delivery of services to the public. Potentially everything from recreation programs to safety services offers opportunities for joint programming if not full integration at substantial cost savings.

Technology enables shared services in ways that were once not possible. Many local units of government are making substantial investments in enterprise software. The capabilities of these systems often greatly exceed what any one unit of government needs and it is not uncommon for significant computing functionality to be paid for but never actually implemented. Joint investments in technology can save scarce IT resources and provide a system to support the integration of many functions and services across jurisdictions.

Of course, like so much in life, this is easier said than done. Many competent and dedicated people worked for years to implement joint emergency dispatch in this county. Despite near universal agreement that it would save money and improve emergency response, it was never accomplished. Frustrated communities, Ann Arbor included, went on to implement their own updated dispatch operations.

Four factors stand in the way of shared services in the public sector:

Sunk costs: Many local units of government have made significant investments in people and systems and are reluctant to make a new investment in a seemingly more complicated, and perhaps unproven, approach to service delivery.

Lack of political will and focus: Local elected officials are rightly focused on the needs of their jurisdictions, but sometimes take a narrow view and do not look beyond their own boundaries for solutions. Perhaps they see more risk than promise in these cooperative approaches. Developing joint funding agreements has proven to be a major challenge.

Entrenched bureaucracies: Let's be honest, shared services means changing who is in charge and how many people we need to do the work. Anyone who has ever tried to change anything in the public sector knows the challenge this presents.

Collective bargaining constraints: Michigan law gives substantial power to public sector employee unions and makes it very difficult for local units of government to change who does what. Public sector employees are organized into small bargaining units under different and sometimes competing unions. These factors often force leaders to look to outsourcing rather than to make substantial improvements in the existing processes.

The governor deserves support to implement these changes. The state legislature needs to pass enabling legislation. Local elected officials must make intergovernmental cooperation a policy priority and come together across boundaries to break down barriers. Public sector managers need to work together across jurisdictions. We need to develop viable plans for shared services and follow through with aggressive implementation.

Hard times are forcing us to make difficult decisions about what to cut and how to raise taxes. Shared services can potentially save millions of dollars and at the same time improve the quality of services delivered. Given our circumstances, it seems an obvious choice. The governor is ready to implement important financial incentives to help make this happen. Let us begin to focus and execute on the governor's good ideas.

To contribute essays to Other Voices, contact Mary Morgan, opinion editor, at 734-994-6605 or mmorgan@annarbor

news.com.

©2007 Ann Arbor News

© 2007 Michigan Live. All Rights Reserved.