

# CRAIN'S DETROIT BUSINESS

## D. Kerry Laycock: Consolidation will save state tax dollars

By D. Kerry Laycock

6:00 am, March 5, 2007

In her State of the State speech, Gov. Jennifer Granholm offered a clear vision for the future of Michigan, while at the same time offering a number of practical steps for getting us from here to there. Advertisement

All of us feel the effects of the faltering economy and are beginning to see the impact it is having on state and local government. We are in the midst of deliberations about what to cut and how to raise taxes. Yet our needs continue to grow. I hate to use an old saw, but we need to do more with less.

Michigan has more than 2,700 governmental entities. This includes counties, cities, townships and villages. It also includes K-12 school districts, intermediate school districts, community colleges and various authorities. Gov. Granholm thinks this is inefficient. I agree.

The governor made two specific proposals:

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

Consolidation, particularly of school districts, will bring enormous efficiencies but will take time to accomplish.

Shared services, on the other hand, can be accomplished much faster and also offer significant opportunities for lowering the cost of government while increasing the quality of service provided.

Back-office functions such as human resources, payroll, purchasing and information technology are among the candidates. Potentially every public service from recreation programs to safety services offers opportunities for joint programming if not full integration at substantial savings.

One example: Many local governments are making investments in software whose capabilities exceed what any one unit of government needs. It is not uncommon for significant computing ability to be paid for but never 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. For example, many Michigan counties have worked for years to implement joint emergency dispatch. A few, like Livingston, have managed to make it happen. Others, like Kent, are still trying to get it off the ground. Still others, like Washtenaw, have given up altogether.

There are obstacles. Lack of political will, entrenched bureaucracies, collective-bargaining constraints and the investments local governments already have made in people and systems are among them.

But the governor deserves support to implement these changes. Local elected officials must make intergovernmental cooperation a policy priority. Public-sector managers need to work together across jurisdictions. We need to develop viable plans for shared services and follow through with aggressive implementation.

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.

Business leaders must press elected officials to focus on this opportunity and to execute on the governor's good ideas.

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