

Plan For Revised Network Of Shared Government Services Eyed For Upcoming Legislation

June 14, 2012

[Gov. John Kasich](#)'s administration looks to further implement recommendations for shared local government services in future legislation, and a plan to create a network of regional centers could be part of the next biennium budget, a stakeholder group was told Thursday.

Randy Cole, the Controlling Board president and policy advisor to the governor, made the comments during a meeting of statewide groups representing local government entities at which he officially released a report titled: "[Beyond Boundaries - A Shared Services Action Plan](#)."

The administration has been working with the various statewide associations to promote collaboration in the wake of a two-year budget that reduced Ohio's historical revenue-sharing agreement by hundreds of millions of dollars.

Mr. Cole urged members of the group to not dwell on those reductions, which helped the state close its own budget deficit. Although some revenue sharing remained following the cuts, Gov. Kasich has signaled his distaste for the concept moving forward, noting the federal government did away with revenue sharing years ago.

"Don't just fight the cuts, fight for the reforms," Mr. Cole told the Local Government & Schools Shared Services Stakeholders group in starting his briefing on the shared services report. "The resources that are allotted are what they are. We need to move in this direction."

The report was partly the result of feedback gathered through a survey of local officials and past meetings of the stakeholders group.

Mr. Cole said some of the recommendations in the report were advanced in the local government-related mid-biennium review budget measure that cleared the General Assembly Wednesday ([HB 509](#)).

Other proposals, including a recommendation for a regional shared service center system that could expand the current education model that includes Educational Service Centers, are tabbed for implementation in separate legislation or as part of the fiscal year 2014-2015 budget, he said.

That recommendation states: "The state should make a thorough review of Ohio's existing network of educational service, informational technology and educational technology centers and provide recommendations on the necessary structure and governance that will provide an integrated system of regional shared service centers (RSSC) using implementation strategies detailed in this plan."

Other recommendations call for:

--Local entities to utilize new intergovernmental shared services authority provided in the current budget measure ([HB 153](#)).

--The state to continue the process of identifying barriers to collaboration and adjusting laws accordingly.

--Additional "market forces" such as competitive bidding for ESC/ITC services to encourage shared services and ensure quality.

--The state to continue to develop tools to assist local governments on collaborative efforts.

--The Local Government Innovation Council to create and award bonus points to incentive fund applicants for submitting proposals that incorporate this plan's "promising practices."

--The state to develop benchmarks and access to information to assist local entities on furthering savings opportunities.

--The state to create "triggers" for entities in fiscal distress to further encourage the use of shared services through performance audits.

--State association representing local governments and schools to take a leadership role in developing draft agreements, educating members and facilitating regional relationships.

--The shared services model to be used to determine opportunities for shared services and the best was for individual entities to collaborate in particular areas.

Mr. Cole said the report is not meant as a criticism of local officials, "but this is clearly an attack on the system we have inherited." He described that system of hundreds of separate jurisdictions as resulting in a "very fragmented, disjointed delivery system in the state."

The Controlling Board president said the administration viewed increased local collaboration as a "third option" to tax hikes and staffing cuts in the face of reduced budgets, adding that the current culture "has to change."

The report contains a section on "promising practices and examples" based on input from "various reliable sources of research compiled by the deliverables team and submitted by external advisors. The section identifies potential savings techniques in the areas of technology, business services, joint purchasing and others.

While not specifically delineated in the document, the total savings from those suggested best practices total about \$976 million.

Reaction: The Ohio School Boards Association and Ohio Association of School Business Officials issued a joint statement that identified what they saw as positives and negatives with the report.

"We are pleased that the report recognizes all the many "shared service" activities school districts are involved with. It also shares some examples of pooled purchasing services our organizations offer to school districts," the groups said. "We hope the report will help to inform schools and local government of opportunities that currently exist and also encourage their continued search for excellence through efficiencies and the sharing of governmental services.

"We were disappointed to see references within the report to previous studies like the Greater Ohio Policy Center-Brookings Institution Metropolitan Policy Program, 2010 report, "Restoring Prosperity: Transforming Ohio's Communities for the Next Economy," and the Education Matters benchmarking study. Our organizations have published analyses prepared by the consultants for the Education Tax Policy Institute that challenged the data, assumptions and conclusions found in these studies. We had submitted the various ETPI analyses to the administration as part of the shared services process. Generally, we support the recommendations in the shared services report and believe the references and quotes from these flawed studies detract from the report's effectiveness."

Ohio Municipal League spokesman Kent Scarrett his group is "very pleased that many of our members participated in the survey of current shared service programs, offering the state a snapshot of what our members have been accomplishing through many years of innovative partnerships with neighboring communities, in an attempt to maximize scarce taxpayer's dollars," he said.

"We look forward to continuing to work with the state to open up new avenues for regional cooperatives and feel the accumulated information included in the "Beyond Boundaries" report will serve as a tool for our local government's 'tool box.' It will furthermore be an asset for municipalities exploring what opportunities may be available through the sharing of services by learning what best practices have been developed through other political subdivision experiences around the state."

The County Commissioners Association of Ohio said in a statement, "We recognize the time and effort that went into making this report, beginning with the survey responses from county and other local government officials to the efforts by Governor Kasich's leadership and his team of Randy Cole and others."

"Obviously, government cannot continue to provide services in the same fashion they have in the past, and our members recognize that. Many already have been instituting collaborative efforts, and this report speaks to that," the group said.

"Moreover, the report encourages more effort by asking public officials at the local level to replicate good practices and try new partnerships as well as by asking policy makers at the state level to make tough political decisions in removing some barriers to efficiencies and management of resources. A lot of the low hanging fruit has been picked, and everyone needs to stretch in order to reach higher."

"Folks also need to recognize that often times there are upfront costs associated with collaborative efforts, and savings may not materialize for three-five years on average. Thus, collaborative efforts are one of several important strategies in filling budget holes, understanding the short and long term dynamics." Ohio Township Association Executive Director Matt DeTemple said his group "was pleased to assist the Administration in conducting the survey which is summarized in the report."

"Townships appreciated the opportunity to report on shared services activities they have been engaged in. We look forward to continuing to work with the Administration to foster even more collaboration among local governments in Ohio."