

2006
Outstanding Program Awards
Application

Program Title: The Governor's ACE (Accountability, Consolidation & Efficiency)
Initiative: Promoting a State, Local, Tribal Government Partnership

Individual State Award

NASCA Member State: Wisconsin

Submitted by: Stephen E. Bablitch

Title: Secretary, Wisconsin Department of Administration (DOA)

Department or Corporation: Wisconsin Department of Administration

Address: 101 East Wilson Street, P.O. Box 7864

City: Madison **State:** WI **Zip:** 53707-7864

Phone: 608-266-1741 **FAX:** 608-267-3842

Email: Stephen.Bablitch@Wisconsin.gov

2006 NASCA Outstanding Program Award Nomination

The Governor's ACE (Accountability, Consolidation & Efficiency) Initiative: Promoting a State, Local, Tribal Government Partnership

Executive Summary

When Jim Doyle became Wisconsin's Governor in 2003, he inherited a \$3.2 billion budget deficit – the largest shortfall in state history. He responded with two consecutive biennial state budgets that balanced the books without raising taxes, while maintaining Wisconsin's commitment to excellent schools, roads and public services. Part of this response was to achieve efficiencies by targeting some of the “low-hanging fruit” in state government operations -- selling 1000 underutilized state vehicles, turning off 1,500 unneeded cell phones and re-bidding costly contracts. Governor Doyle's response also included a long-term commitment to systematically streamlining state government through his Accountability, Consolidation and Efficiency (ACE) Initiative. These ongoing efforts are designed to accomplish this by focusing on the following key areas:

- Information Technology;
- Facilities & Land;
- Procurement; and
- Human Resources

But he didn't stop there. The Governor also directed state officials to work closely with local (school, county and municipal) and Tribal governments across Wisconsin to transfer cost-saving and service-enhancing technologies and management practices to those governments as well. The outreach to Tribal governments is especially important because past government-to-government relationships with Wisconsin's eleven federally-recognized Tribes failed to adequately address both the unique legal relationship between the State of Wisconsin and Indian Tribes and the full range of opportunities to collaborate in ways that ensure services are efficiently provided to all Wisconsin citizens, including the nearly 70,000 Tribal members living in the state (16,000 live on Reservation and/or Tribal Trust Lands).

The Wisconsin Department of Administration (DOA) and other state agencies are now working with local and Tribal governments to link them with state programs and services that can reduce their costs and/or enhance public services. DOA representatives have met with hundreds of local and Tribal officials over the past year, including:

- Briefing officers from all eleven federally-recognized Tribes;
- Speaking to over 350 local government officials; and
- Exhibiting ACE materials and other pertinent information at local government association conferences with nearly 4,000 attendees.

These contacts address the same broad functional areas listed above (information technology, facilities & land, procurement and human resources), but focus on ways these smaller governments can directly benefit from state government's larger buying power and infrastructure.

The result has been a win-win outcome for both levels of government – and for the taxpayers they serve. This is especially true in the procurement area, where volume often equates to lower costs and/or enhanced contract terms. Likewise, sharing state-produced information technology and human resource services gives local and Tribal governments a wider range of management options. Transferring energy savings technologies and methods not only reduces public sector costs, but also cuts energy imports into Wisconsin, thereby strengthening the state's economy and tax base.

Program Description

DOA is charged with leading the implementation of ACE, in cooperation with other state agencies and the University of Wisconsin System. Highlights of this work include:

Shared Information Technology (IT) Services: DOA is building a more efficient and agile IT environment through organizational change, shared services and the re-engineering of processes to eliminate redundancy. The initiative has reduced both the capital acquisition costs and the ongoing operational costs of maintaining and supporting information systems. During the first five years of implementation, this initiative is expected to generate net savings of more than \$13 million. By year five the ongoing savings should exceed \$8 million annually. For example, DOA has negotiated an Enterprise Agreement with a major software vendor that produces licensing savings ranging from \$500 to \$700 per desktop (state government has about 62,000 desktops in the executive branch alone).

Key technology services delivered to other state agencies by DOA are also available to local and Tribal governments. These services include printing and mailing, web hosting, electronic payments, video and video-conferencing and e-learning classes for employees in a variety of subjects. Other services include access to local, long distance and cell phone services. As with procurements, local officials can use these services as a benchmark to negotiate the best available prices and terms with the vendor of their choice. For example, DOA negotiated a contract with a major cell-phone vendor that offers local governments the same low pay-as-you-go rate plan available to state agencies. This is expected to generate more than \$2 million in savings for local governments during the three-year contract term. DOA is also seeking cost-saving opportunities for Centrex telephone service, which can range as high as \$25 per line per month for smaller governments, versus less than \$12 per line for state agencies.

Facilities & Land: DOA will generate \$36 million in savings through the sale of state buildings and land (\$9.1 million realized to date) and \$4.2 million in statewide real estate operational savings (\$1.3 million realized to date) through lease re-negotiations, space consolidations, surplus property sales and other steps. DOA is also aggressively implementing energy-saving technologies and management guidelines that have already reduced operating costs by an estimated \$500,000 annually in DOA-owned facilities (additional savings have been achieved in facilities owned by other agencies and institutions).

Implementing energy efficiency measures is one way local and Tribal governments can cut operating costs without reducing services or impacting productivity. State government provides technical expertise to its local and Tribal government partners through its Focus on Energy Local Government program, a public-private partnership that delivers the energy information, training and resources they need to make informed decisions about energy efficiency options. The program's services for local and Tribal governments include:

- Developing energy management plans;
- Recommending energy-saving equipment options;
- Introducing local and Tribal governments to new technologies;
- Providing financial incentives;
- Providing assistance locating contractors and evaluating their proposals;
- Conducting energy surveys to identify and evaluate energy-saving opportunities for buildings, office equipment, electronics and lighting (including traffic signals); and
- Conducting surveys of water and wastewater treatment facilities to identify and evaluate energy saving opportunities that could include the use of pumps, blowers, diffusers, lighting, and biogas systems.

Over the past two year, 692 energy audits have been completed through this effort and 46 energy-saving projects have been implemented, resulting in annual utility savings of \$233,000 for local taxpayers.

Procurement: By leveraging state government's vast purchasing power to negotiate more favorable contracts, Individual state agencies have benefited from both reduced prices and access to cost-savings

tools, such as web-based solicitations and electronic invoicing. In the initial phase of the project, new state procurement contracts for seven categories of goods and services have already been awarded through a competitive bidding process and will save taxpayers more than \$16 million a year – a total of nearly \$80 million over the lifetime of the new contracts. Under the new contracts, Wisconsin taxpayers will save:

- 20 percent on janitorial supplies;
- 10 percent on software;
- 25 percent on computer equipment;
- 17 percent on IT services suppliers;
- 27 percent on printers;
- 14 percent on copiers and faxes; and
- 33 percent on office supplies

Comparable savings are expected in other categories, including food supplies, business consulting, vehicle maintenance and furniture, as this strategic sourcing method is expanded to other major areas of state operations.

When the state negotiates these procurement contracts with vendors, it now routinely negotiates terms that enable local and Tribal governments to purchase goods and services at the state-negotiated price. In addition to expanding the options available to local and Tribal procurement officials, this strategy improves the state's negotiating position by creating a larger potential pool of buyers. Local and Tribal officials can access vendor information on the state's VendorNet procurement website. While this offers a convenient option to purchase office supplies, vehicles and a long list of other frequently purchased items, local and Tribal officials often award their business to local vendors or trusted business partners. The VendorNet information is still valuable to them because it provides comparative information that can be used to negotiate the best available price and terms with the vendor of their choice.

Human Resources: By standardizing human resource staffing throughout state government, taxpayers will save almost \$1 million over the course of the 2005-07 biennium. These savings will be generated by having DOA assume responsibility for the human resources and payroll functions for agencies with fewer than 200 employees. In addition to reducing costs, the initiative gives the affected smaller agencies all the benefits of a large agency human resources team.

Wisconsin Personnel Partners is a newly-expanded program designed to support local and Tribal government human resource needs by:

- Publishing job announcements;
- Providing pre-screened applicant lists and job fair advertising options;
- Providing pre-employment and promotional testing;
- Completing compensation and benefits analyses; and
- Completing performance management and position analyses.

Over the past year, nearly 500 positions have been filled through this partnership.

Local governments can also participate in employee benefit programs administered by state government, including the Wisconsin Retirement System, the Wisconsin Health Insurance Program, life insurance and income continuation insurance.

Savings

Wisconsin operates on a biennial budget basis. State government savings for the 2005-07 biennium attributable to non-energy related activities total \$132.9 million. Of this total, \$6.2 million is attributable to IT savings; \$45 million to real estate asset sales; \$6 million to facility operations; \$73.7 million to procurement-related activities; and \$1.9 million to staffing reductions and consolidations. Because ACE savings opportunities are optional to local and Tribal governments and there are no reporting requirements,

cumulative savings data for those governments are not readily available. See the discussions of savings information in the Program Description, above, for additional information.

Quantitative Benefits

The collaboration encouraged by ACE has helped redefine the relationships linking state government with local and Tribal leaders. In the past, this relationship has been characterized by service mandates, state funding of local programs and regulatory concerns. The ACE initiative expands the state's relationship with local and Tribal governments by allowing state officials to approach local governments as partners in a joint effort to manage costs and deliver high-quality public services. It has also:

- Sent a clear message to taxpayers that the various levels of government serving them are working together to manage costs and enhance service quality;
- Strengthened state government's hand in working with private sector vendors and business partners by expanding the scale of general procurements, as well as IT and energy conservation initiatives;
- Fostered a broader perspective throughout state government on the service needs of Wisconsin residents; and
- Given state agencies a wider range of choices when developing plans for streamlined state services.

Applicability to Other Governments

All states and the federal government could benefit from this collaborative approach to addressing the needs of taxpayers.