



Innovations

Saving Funds Through Shared Services: The Minnesota and Wisconsin Plan

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Many state governments are considering ways to utilize shared service arrangements to avoid duplication and to save money. With the majority of states facing budget shortfalls and unrelenting funding pressures, these types of proposals have been of increasing interest. Recently, two states—Minnesota and Wisconsin—have proposed an innovative plan to save funds through shared services. The governors of Minnesota and Wisconsin authorized their plan in executive orders released this past Tuesday, January 13, 2009. Under the plan, the two states would review options and direct their agencies to identify opportunities for potential shared agreements. According to information released about the [plan](#), the following areas will be reviewed:

Procurement

While several states have had cooperative purchasing agreements for specific items such as pharmaceuticals, Minnesota and Wisconsin are proposing a far reaching investigation of using their combined purchasing power to save money. Opportunities for combined purchasing may include items such as road salt, heavy equipment including tractors and bulldozers, institutional food such as for prisons, and software licensing agreements. For example, software licensing agreements can be much cheaper when the volume is high.

Facilities and Vehicles

The two states will look at opportunities for efficiencies in sharing specialized vehicles and fixed assets. Examples may include warehouse space, specialized vehicles such as patrol boats, aircraft, and real estate. One state may have more helicopters than the other and an agreement could be worked out for renting of the helicopters. One of the states would not have to purchase more helicopters and the other state can gain some additional revenue from renting their helicopters.

Cooperative functions

Both states will look at opportunities to consolidate services. Examples of functions to explore for possible efficiencies include back office operations, call centers, collection operations, and nursery and agricultural operations. An example of efficiencies is for a state to contract with the other for a system to determine eligibility for human services programs rather than duplicating the program.

States have collaborated in other areas before, most noticeably in combining purchasing power for pharmaceuticals or in the environmental area for climate control and to reduce emissions. Currently the two states collaborate on building and maintaining bridges and offering in-state tuition for residents of the other state. This plan, however, intends to be more far reaching and looks to extend those types of agreements across many facets of state government. This approach would not only address duplication in services within a state but also duplication in services across a wider region.

Both governors directed their staffs to report back by February 27, 2009 with plans on sharing state services. The report will identify specific activities, programs, and services that each state currently provides that could potentially be part of a cooperative service agreement. In Minnesota, the Commissioner of Employment and Economic Development will serve as the lead agency to provide technical support and in Wisconsin the Department of Administration will be the lead agency.

NASBO plans to follow this proposal and to update members on the progress through conference calls and/or meeting sessions. We encourage members to let us know if you have questions or if your state is considering cooperative arrangements to save money.

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