



WISCONSIN POLICY FORUM

EXPLORING SHARED INTERNAL SERVICES AT THE CITY AND COUNTY OF MILWAUKEE

A Proposal to Milwaukee County and the City of Milwaukee
September 2022

Background

The financial challenges facing both Milwaukee County and the City of Milwaukee have been documented in numerous reports and presentations by the two governments and the Wisconsin Policy Forum over the past several years. Both governments are grappling with sizable structural imbalances caused by a set of financial realities that are shockingly similar. Those include:

- A high reliance on shared revenue and other forms of aid from the State of Wisconsin, which have failed to keep pace with inflation and in many cases have declined in nominal terms.
- Restrictions on growth of their major form of local tax revenue – the property tax – in part because of tax levy limits imposed by the state.
- Substantial pension fund liabilities that have required increasingly steep annual tax levy allocations to address.
- Key services like police and fire (in the case of the city) and behavioral health and transit (in the case of the county) that have unique expenditure needs that often outpace both inflation and the less-than-inflationary growth of major revenue streams.

These circumstances have been in place and, in some cases, have worsened for decades, creating increasingly imposing challenges for both governments that have already produced reductions in staffing and impacts on service levels. And, while the receipt of massive infusions of federal pandemic relief dollars has bought both governments another year or two of breathing space before severe service reductions must be considered, the impacts of high inflation and labor shortages are likely to leave both governments with even larger structural imbalances once those funds are exhausted than they experienced pre-pandemic.

City and county leaders have repeatedly but unsuccessfully urged state lawmakers to help shore up their “broken” revenue structures – either through increased state aid allocations, enhanced local revenue authority, or both. At the same time, they also have pointed to several important steps they have taken to reduce expenditures, mostly in the area of personnel. Those include position reductions (over 1,000 FTEs eliminated at the city since 2000 and more than 1,400 at the county over the past decade); requiring employee pension contributions (generating \$21 million for the city in 2021 and \$13 million for the county to partially offset employer contributions); and freezing or

adjusting employee “step” advances within pay ranges (the city estimates savings of \$40 million from this move and the county cites an estimated saving of \$55 million).

Yet, while these and other cost reduction steps have successfully staved off devastating service cuts, one important area of potential savings that has not yet been tapped is service sharing. There is at least some overlap in several functions performed by both governments, including in areas of public safety, public health, and public works. The Forum has been commissioned to look at service sharing opportunities in a few of those – including public safety dispatch and parks/playground maintenance – but no action has resulted from those efforts.

Initiatives to share or consolidate services related to such core functions often can be complicated by distinctions in the specific types of services provided by two governments. In the case of the city and county of Milwaukee, for example, the city provides general public health while the county is responsible for behavioral health services; and Milwaukee police officers have a range of law enforcement responsibilities related to crimes and arrests while Milwaukee County sheriff's deputies focus mainly on highway patrols, the jail, and courts.

However, one area where there is less distinction – and where little analysis has been performed on service sharing opportunities – is the internal or “back office” services provided by both governments. Both the city and county hire, recruit, and certify new workers; administer pension and health care benefits and personnel policies; procure commodities and services; conduct various accounting, payroll, and budgeting tasks; manage buildings and facilities; and administer information technology and data gathering/analytics to support their respective services.

Given the harsh fiscal challenges facing both governments, the commonality in these functions, and the increasing difficulties both are facing in recruiting and retaining high-quality staff to carry them out, the time has come to rigorously explore opportunities for sharing and consolidation of internal services between the city and county of Milwaukee. Doing so also would send an important signal to lawmakers in Madison that both governments are turning over every stone to identify possible savings and administrative efficiencies.

Proposal

The Wisconsin Policy Forum proposes a research project that will explore the potential efficacy and benefits of a shared services approach to providing certain internal services between Milwaukee's city and county governments. We would first conduct an inventory and broad scan of internal services that are common to both governments. While obvious components of that scan would be functions and sub-functions in major internal service areas like human resources, fiscal affairs, information technology, facilities management, and procurement, we would also consider some narrower areas like performance management, sustainability, and equity and inclusion.

After conducting the scan and compiling sufficient data and information to identify similarities and distinctions in common internal services functions, we would next work with city and county officials to identify four to six specific functions that show sufficient potential in terms of increased efficiency and effectiveness to merit further analysis. We would then conduct that analysis, providing a

blueprint for both governments to implement shared or consolidated services frameworks in each area assuming that the financial and programmatic benefits we identify justify such an effort.

To assist us in this project, we would propose the creation of a work group consisting of a handful of internal services administrators from each government. The work group would meet regularly (perhaps as often as every other week) throughout the study period to help collect and examine data, identify those functions deemed suitable for rigorous analysis, define service sharing options within those functions, and review sections of the final report.

For the four to six functional areas identified for a deep dive into service sharing options and specifics, our analysis would include:

1. Data Collection – WPF would collect and synthesize fiscal and service data from both governments in each of the identified internal service functions. To the extent that such data already has been compiled by the governments, WPF would seek to work with such data. Data collected would include the following:
 - Expenditure data from both governments for each function, including wage and benefit cost trends and projections as well as trends and projections for non-personnel expenses, like technology and equipment.
 - Service-related data, including measures of service activity and data related to performance goals and outcomes.
 - Personnel-related data, including numbers and types of employees, pay and benefit comparisons, future employment projections, and a breakdown and comparison of current personnel procedures.
 - Relevant county and city ordinances, policies, and procedures that speak to services and personnel in each selected function

All data collected for the project would be synthesized and rolled up into a written document that would be shared with the two governments.

2. Data analysis/development of options – WPF would analyze these data and use them as the basis for developing service sharing or consolidation options for each function. Options would be developed with the guidance and advice of the work group. Those options ultimately fleshed out would be accompanied by detailed analysis describing potential fiscal and operational impacts and logistics; whether there are differences in ordinances and policies that would need to be addressed to implement service sharing; organizational charts laying out the staffing framework for potential shared internal service functions; and possibilities for governance and cost sharing.
3. Final report – WPF would prepare a final report summarizing the collected data, laying out potential coordination/sharing/consolidation options, and suggesting possible paths toward implementation. This final report would be provided in draft form to leaders from both governments and would be released to the public and disseminated with their advice and consent.

Our Credentials

The Forum's Board of Directors has committed the organization to conducting research on critical public policy issues facing metro Milwaukee and Wisconsin. For 104 years, as the Public Policy Forum, we served as a citizen's watchdog organization and conducted analysis of policy and economic issues pertaining to local governments and school districts in southeast Wisconsin. Our 2018 merger with the Wisconsin Taxpayers Alliance expanded our mission statewide and enhanced our research capacity and expertise.

The Forum's extensive experience researching and analyzing both the City of Milwaukee's and Milwaukee County's finances and operations, as well as our vast experience in conducting service sharing and consolidation studies in most local government service areas, make us uniquely suited to conduct this project. Staff resources will be committed as follows:

- WPF President Rob Henken will provide overall project direction and will be extensively involved in data collection, analysis, writing, and editing. Mr. Henken has held several senior fiscal positions in government, including staff director for a U.S. House of Representatives subcommittee, associate staff for the House Appropriations Committee, and Director of County Board Research, Health and Human Services, and Administrative Services for Milwaukee County. He has authored or co-authored each of the Forum's major service sharing studies over the past decade as well as its annual Milwaukee city and county budget briefs and in-depth fiscal reports.
- WPF Research Director Jason Stein will provide project guidance, writing, and editing. Mr. Stein joined WPF in May 2018 after 13 years as a reporter for the *Milwaukee Journal Sentinel* and *Wisconsin State Journal*, where he covered state and local government budgets and finance. He has won several national journalism awards and has had two fellowships in financial reporting. He also was the lead author on the Forum's recent reports on the City of Milwaukee's fiscal condition and Wisconsin's local government spending and revenue structures and how they compare to other states.
- WPF Senior Research Associate Ari Brown will be another lead data analyst and researcher. Mr. Brown joined the Forum in 2019 after receiving his Master's degree from the La Follette School of Public Affairs at the University of Wisconsin-Madison. He has served as lead researcher and developer for its Municipal DataTool, its recent report on Milwaukee Police Department reform efforts, and also has led many of its data visualization projects.

We will also add other members of our award-winning research staff and possibly contract researchers as appropriate during the course of the project.

Project Timeline

We anticipate a project timeline of approximately 12 to 14 months, as shown in the figure on the following page. We could initiate the project as early as January 1, 2023. The timeline may be impacted, however, by the capacity and willingness of city and county officials and staff to respond in a timely basis to our requests for data and information.

	Q1	Q2	Q3	Q4	Q5
Initial scan/identify options for analysis					
Data collection					
Data analysis					
Report write-up					
Report review					
Final report					

Project Budget

The anticipated cost of the project is \$48,600 (as shown in the project budget on the following page). We will waive our typical indirect cost charge of 7.5% in light of the importance of this project to Milwaukee's city and county residents and its consistency with our research agenda.

Total project request	\$48,600
Rob Henken/Jason Stein, 220 hours @\$135/hr	\$29,700
Senior Researchers & Associates, 160 hours @\$90/hr	\$14,400
Other WPF and Contract Researchers, 60 hours @75/hr	\$4,500
Personnel total	\$48,600
Indirect costs (7.5%)	In-Kind

