



NACo-NCCAE Knowledge Management Forum

August 28-29, 2017 NACo-NLC Conference Center



Service Sharing in an Environment of Fiscal Constraints

Dan Chenok Jesse Samberg

August 29,2017



IBM Center for The Business of Government

US Federal Shared Services: Briefing for NACO-NCCAE KM Forum

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Agenda

- The Current State of Play
- Case Study: New York MTA
- Into the Future: A Dynamic Shared Services
 Delivery Model
- Concluding Observations



The Current State of Play



Summary



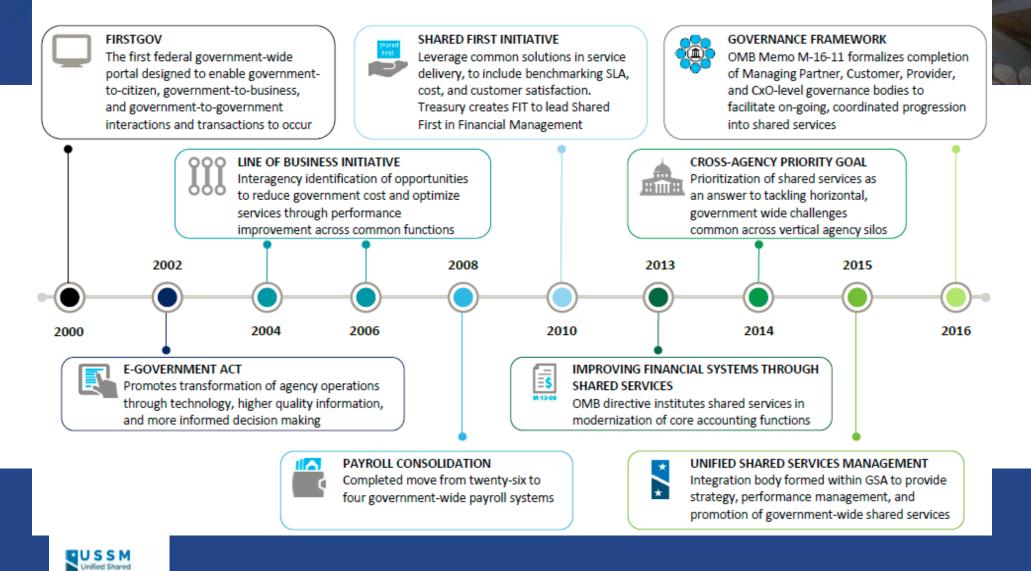
- OMB sets policy and oversees strategy for shared services,
- GSA has established the "Unified Shared Service Management Office" to guide strategy and implementation
- Primary lines of business for shared services are:
 - FM, coordinated by Treasury
 - HR, coordinated by OPM
- Numerous agencies are implementing shared services across their own enterprise, not with external providers (ex: DOC, FAA)
- Several outside shared services support efforts exist, foremost are:
 - The Partnership for Public Service Roundtable
 - The Shared Services Leadership Coalition
- New Administration is reviewing an accelerated adoption of shared services across Federal Government
 - Comprehensive Planning for Agency Reforms include shared service
 - Agencies continue move to SaaS, op-ex models with private sector investment as driver



The Evolution of Federal Shared Services



Shared service guidance has evolved and matured over the course of multiple administrations, driven by a need to improve and consolidate administrative functions.



HR Current Shared Services Landscape



- OPM oversees,
- Six public sector providers, supported by prime contractors
- Four approved commercial providers
 - IBM, Accenture, Allied Tech & Carahsoft (last two are primes for Avue)
 - VA and GSA, only significant private offerings



FM Current Shared Services Landscape



- Treasury oversees
- Four mandatory providers, supported by prime contractors
 - USDA National Finance Center
 - Interior Business Center
 - DOT Enterprise Services Center
 - Treasury's Administrative Resource Center --
- Agencies migrating slowly HUD, DHS are focus



Near Term Federal Initiatives



COMPETITION FRAMEWORK:

Maintain a healthy marketplace

• CONTRACT VEHICLES: Public and private

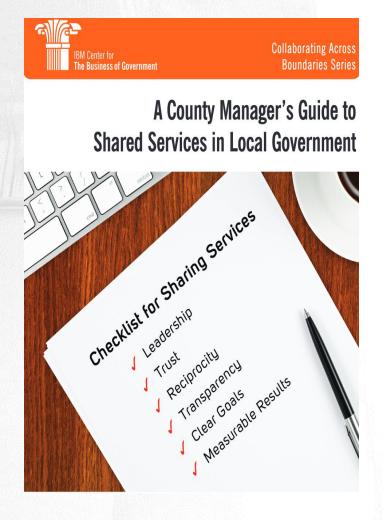
• SET TECHNOLOGY STANDARDS: Interoperability, security

- CREATE URGENCY FOR MIGRATION/DEVELOPMENT
- CREATE PRIVATE SECTOR
 INITIATIVES
- MANAGE PERFORMANCE OF THE LOB OWNERS
- CREATE DATA STANDARDS



County Applications: Research from the Center





Report found that:

- Counties explore shared service delivery to stimulate innovation, improve decision-making, increase quality of service, and improve relationships with other governments
- Checklist identifies key success factors for governments
- Planning Recommendations:
 - Create a shared services assessment team.
 - Identify strengths in participating governments.
 - Consider pilot projects.
- Implementation Recommendations:
 - Discuss and document responsibilities with partners.
 - Make appropriate changes as needed.

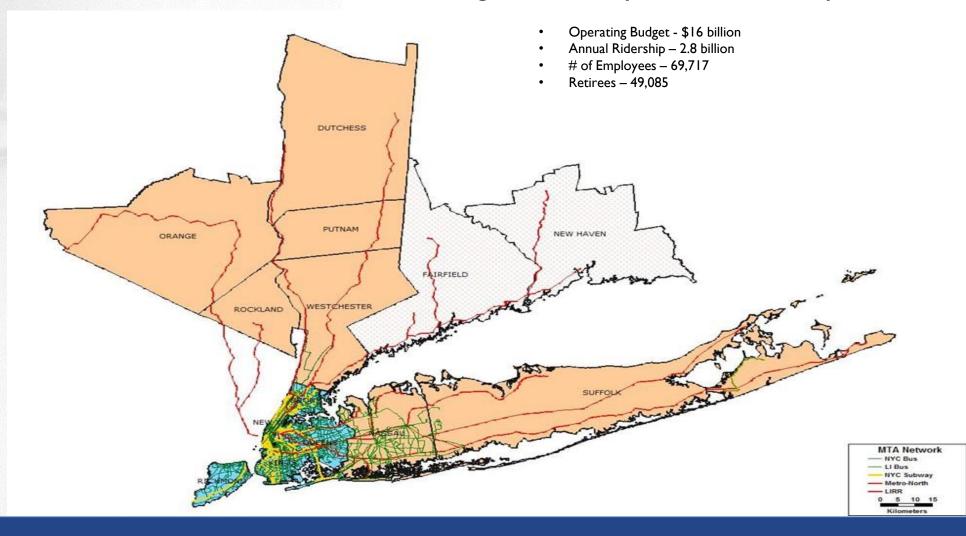


Case Study: Shared Services Lessons Learned From NYC MTA





MTA - One of the World's Largest Transportation Companies







Pre-BSC System landscape was siloed

- Prior to the BSC, the MTA's administrative processing was achieved using many different systems that were not integrated
- Though many agencies used PeopleSoft, each system was completely "stand alone."

	MTA HQ	NYC Transit	ССС	Metro-North	LIRR	B&T	MTA Bus
Call Center	None	Yes	None	Yes	Yes	None	Yes
Imaging	None	Blue Bird	Blue Bird	Microfiche	Filenet	None	None
Benefits Admin.	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	GEAC	PeopleSoft	GEAC
HR Admin.	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	Mainframe
Payroll	PeopleSoft	GEAC	GEAC	PeopleSoft	GEAC	PeopleSoft	Mainframe
Timekeeping	PeopleSoft	ATS/UTS/Kronos	Kronos	PeopleSoft	Kronos	Kronos	Kronos
Accounts Payable	PeopleSoft	PRAP	PRAP	PeopleSoft	Cullinet	Macola	PeopleSoft
Procurement	PeopleSoft	Mainframe	Mainframe	PeopleSoft	Mainframe	Mainframe	PeopleSoft
Inventory	None	Mainframe	Mainframe	PeopleSoft	Mainframe	Mainframe	PeopleSoft
Accounting	PeopleSoft	GEAC	GEAC	PeopleSoft	Cullinet	Macola	PeopleSoft

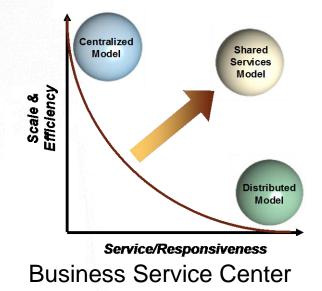




"SHARED" – Reinforce Message

Shared Services is not just centralization of functions into one physical location. These administrative functions are a **shared** responsibility with the agencies/departments in the field.

- Agencies often have had negative experiences as the pendulum has swung many times over the years.
- Need to define the difference; the "sweet spot" that make sense
- Improve performance while preserving innovation
- Need to change technology, processes and work







With the BSC, the MTA established integrated systems

- Since the BSC, the MTA has had the advantage of using one Enterprise Resource Planning (ERP) system, one document management system and one customer relationship management system.
- This created the platform for innovation and savings
- Agencies still use different inventory and timekeeping systems

	MTA HQ	NYC Transit	ссс	Metro-North	LIRR	B&T	MTA Bus	
Call Center	Siebel							
Imaging	Universal Content Management (UCM)							
Benefits Admin.								
HR Admin.								
Payroll	DeepleSeft							
Accounts Payable	PeopleSoft							
Procurement								
Accounting								
Inventory		Mainframe	Mainframe		Maximo		Mainframe	
Timekeeping		ATS/UTS/Kronos	Kronos	Kronos	Kronos	Kronos	Kronos	





Improving Staff Utilization

MTA has the opportunity to improve its staff utilization through a deployment of a new Shared Services operating model.

Function	Baseline 2006 Full Year	Projected Reduction	ldeal State BSC FTE Baseline	% FTE Reduction
Finance	236	(132)	104	55.9%
Human Resources	263	(129)	134	49.0%
IT and HRIS	113	(41)	72	36.5%
Total Reductions	612	(302)	310	49.3%
BSC FTE Additions			59	
Total Staffing	612		369	39.7%

*Note: "BSC FTE Additions" includes BSC leadership, contact center, mailroom, and business operations personnel.



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Business Service Center

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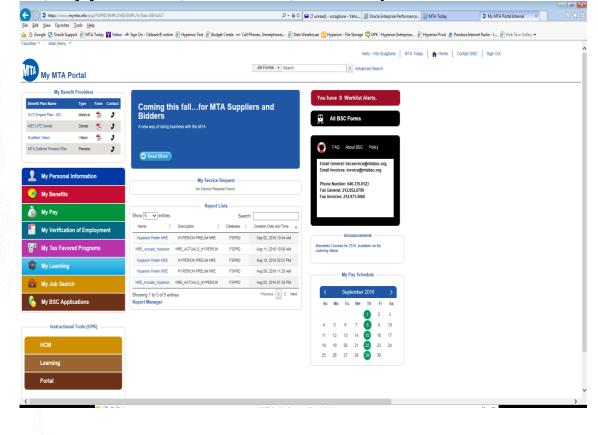


BSC Portal Single Point of Entry For All Users

(Employees, Retirees, Applicants, Vendors, Others)

PERSONAL

- Receive W2 forms
- View paychecks
- Verify benefits
- View wage increases
- Elect deferred compensation
 WORK
- HR
- Finance
- Procurement
 ORGANIZATION
- Direct Reports
- Time
 SERVICE REQUESTS
- Open SRs
- Workflow



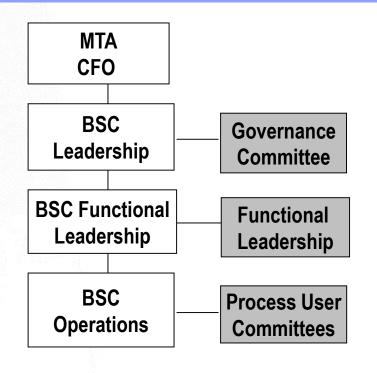


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BSC Governance Model

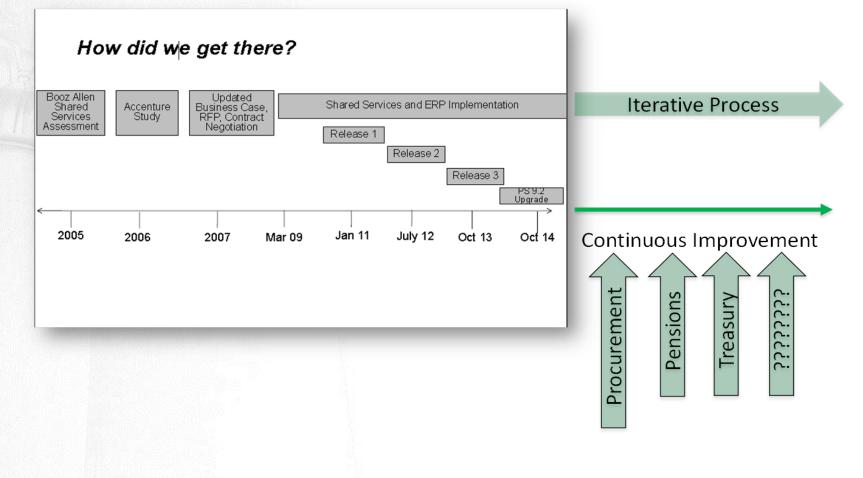
Committees are aligned with different levels of the BSC organization and are made up of appointed MTA representatives. Consensus is good, but there is an escalation process.







THE JOURNEY





Business Service Center

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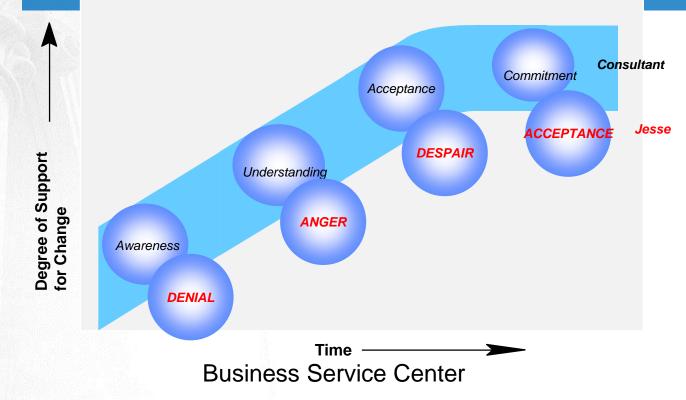


Change is hard

Consultant: "Change management activities focus on developing support for the change as the implementation progresses"

OR

Jesse: "Let's make this work and then see how we can change the culture"





Into the Future: A Dynamic Shared Services Delivery Model



Current State of Shared Services Delivery



Provider - Insufficient funding for the entire delivery "stack" - Governance challenges impact providers' long term viability Data - Data is not standardized across providers - Transition costs are high as a result **Platform** - Providers own and manage their platform instances - Multiple instances of same platforms owned across government lead to cost inefficiencies Infrastructure - Each provider owns and manages their own, siloed infrastructure

- Investments needed to keep infrastructure up to date are significant



"You can't always get what you want But if you try sometimes, you just might find You get what you need ."

Rolling Stones: "You can't always get what you want"

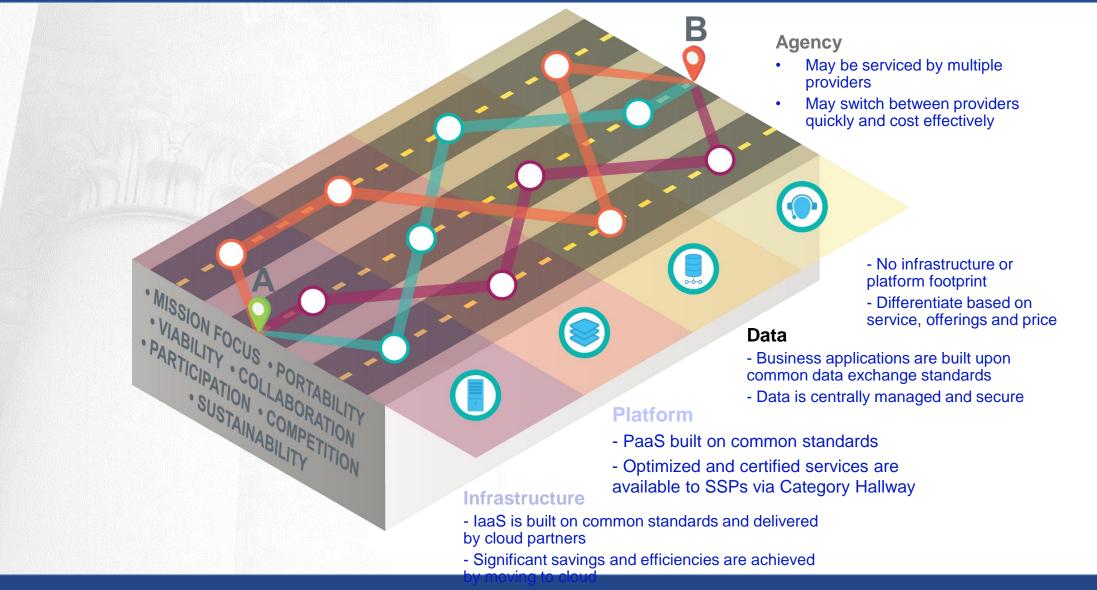




of Government

Future State of Shared Services Delivery













Concluding Observations





- Software as a Service" key to success
- Government and industry thinking aligned
- Investment to be provided by private sector
- OpEx replaces CapEx





Lessons Learned – Science and Art

- Need to set schedule and recognize and mitigate risk in tech, people, process, policy migration
- In terms of SLAs, measure what is important and set achievable savings targets
- Executive sponsorship is critical to success; enterprise governance mitigates confrontations
- Continually improve -- change culture focused on quality, transparency and customer service
- You can do more than you think -- the more educated you are, the better the outcome





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Business of Government



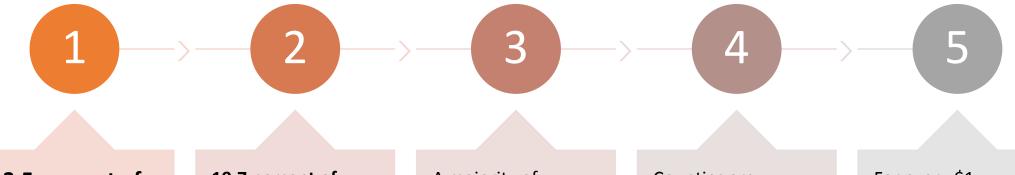


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SERVING THE UNDERSERVED COUNTIES ADDRESSING POVERTY



13.5 percent of all Americans fall under the federal poverty line (2015) **19.7 percent of children under the age of 18** live in poverty – higher than any other age group (2015) A majority of counties have poverty rates between **20 and 58 percent** for school aged children

Counties are investing **\$58 billion** annually in federal, state and local funds in human services For every \$1 invested in early childhood education, **\$7** is returned to society

The Role of Counties: Poverty in America





Commissioner Roy Charles Brooks – Tarrant County, Texas 2017 NACo President

- This year's Presidential Initiative is Early Childhood (ages 0-3) Development
- Initiative builds on existing NACo efforts:
 - Incarcerating those suffering from mental illnesses
 - Substance abuse disorders (including the opioid epidemic
 - Recovery from the latest economic downturn

2017 – 2018 NACo Presidential Initiative



Three main components of initiative:

- 1. Raising awareness of the critical county role in breaking the cycle of poverty
- 2. Advocating for federal policies that support county efforts to expand opportunity for all
- 3. Providing tools to increase counties' capacity to combat poverty as we build healthy, vibrant, safe counties across the country

2017 – 2018 NACo Presidential Initiative

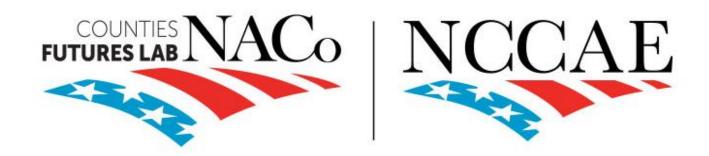






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Rural Deployment of Broadband

Joshua Seidemann

August 29,2017

Rural Broadband Deployment: Challenges and Opportunities in Building Network Values

Joshua Seidemann NTCA-The Rural Broadband Association

NACo-NCCAE Knowledge Management Forum Washington, DC – August 29, 2017



Outline

- Introduction to NTCA and U.S. Rural Broadband
- Broadband as an Economic Generator
- Interdependencies Among Rural and Urban Places
- Smart Rural CommunitySM Case Studies
- Discussion



Questions Presented

- Does broadband stimulate economic activity?
- Does rural economic activity affect urban regions?
- How do counties identify their potential impacts?

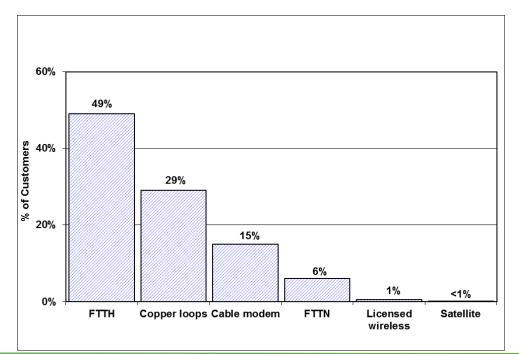


Introduction

- NTCA-The Rural Broadband Association
- Members provide:
 - Wireline and wireless voice
 - Broadband
 - Video



NTCA 2016 Annual Survey





Factors in Rural Deployment

- Capital intensive network
- Population density
- Geography and terrain
- Regulatory inputs



"In the global economic competition, we really need to make sure that we play with our full team . . . And the only way they will be able to do that is if they have access to broadband access."

Norman Jacknis, ICF



Broadband as a Generator

- Direct and indirect impacts
- Expands supply networks, customer bases, access to information
- Difficulties in quantifying



Broadband as a Utility*

"... in the long-run, public infrastructure investment is positively correlated with input demands and output supply."

Richard A. Krop

* literally, not legally



Metcalfe's Law

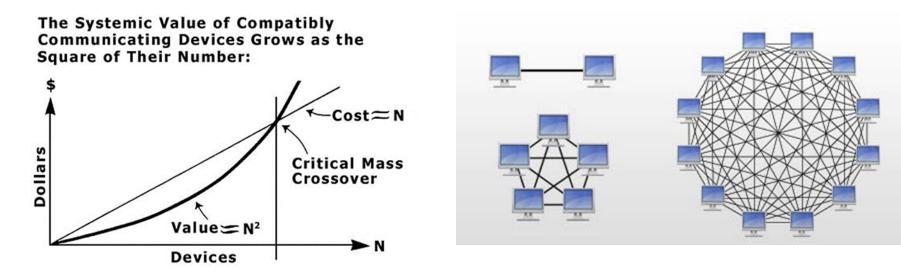


Image: Andrew Chen

Image: tingilinde.typepad.com



Quantification

- Nascent industry, rapid geographic expansion
- Separate impact of broadband from other factors
- Percentage point increase in state deployment yields 0.2 – 0.3 employment growth (Crandall)*



QED Approach

- Quasi-Experimental Design
- Used for: airport, highways, military base impacts
- USDA: selected 228 rural counties for treatment, and a "twin" for each (Stenberg)



Analysis (USDA ERS)

- Farm sector: mostly unaffected, but broadband embedded in productivity
- Growth in construction and wholesale trade
- Growth in private income



Findings

"Wage and salary jobs, as well as the number of proprietors, grew faster in counties with early broadband access."

USDA ERS (2014)



Other reports

- Whitacre, Gallardo, Strover (2015)
 - Reviewed "economic health variables"
 - Causal positive effects to income and causal negative effects to unemployment
 - Adoption is crucial to obtaining results



Other numbers

- Broadband/ICT contributed \$945.5B to U.S. private industries in 2014 (Hassett)
- Spillovers calculated to be \$692B (Hassett)



Some more numbers

- Impact on smaller firms takes longer to measure because they need to restructure (ITU)
- 10 percent increase in broadband penetration associated with 3.6 percent increase in efficiency (Thompson and Garbacz, Ohio U., 2008)



"[W]hile broadband will not bring immediate transformation to rural America, regions that lack broadband will be crippled."

Center for Rural Strategies (2011)



"Businesses that depend on information technology largely avoid being in areas where they cannot get what they need."

Center for Rural Strategies (2011)



"... purchasing ICT is not the only requirement for increasing productivity. In fact, both management and economic literature have shown that it is necessary to modify business practices in order for information technology [to] impact firm efficiency. Accordingly, independent from the pace at which ICT is being adopted, the impact on efficiency and productivity is driven by what has been called 'accumulation of intangible capital'"

• ICT (fn. 19)



Beyond GNP

- Does GNP impart well-being?
- Stiglitz and GNH (Gross National Happiness)
- Education, health care, community (stay tuned!)



Recap

- The economic impact of broadband can be measured quantitatively
- The difficulty of early measurements has been mitigated by QED approach



U.S. stats

- 1970-2000 US pop +38 percent
- Projecting to 2030: +29 percent from 2000
- 1910 2010 rural population steady, but proportion to total U.S. population decreases from 54.4% to 19.3%



1990 – 50 percent of Americans live in metropolitan areas > 1M

1992 – Majority votes for president cast from suburban districts

1994 – Suburban reps occupy top five positions in the U.S. House

1996—76 of the 435 Congressional districts predominantly rural

2001 – Census shows that America in a suburban nation

Stauber, Karl, "Why Invest in Rural America – And How? A Critical Public Policy Question for the 21st Century," Economic Review, Second Quarter 2001, Federal Reserve Bank of Kansas City (2001).



State economic studies

- Undertaken in 2011 to address proposed changes to Federal regulations
- Conducted by academic institutions
- Measured direct and indirect impacts



Rural telecom impact

- CO: \$45.5M direct, \$18.2M indirect
- ND: \$18M Fed tax revenues; \$31M state
- KS and NM examined adverse impacts of reduced investment



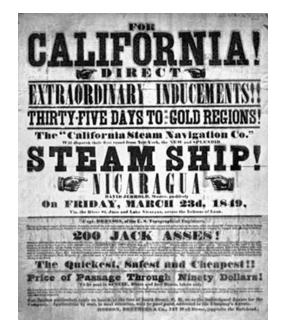
National impact study

- Varying definitions of rural, yet acknowledgment that rural is different
 - Including various definitions among Federal agencies
- Different types of rural



An evolving national relationship







"Breadbasket of the world"





Third stage: broadband

- Rural broadband supports \$24.1B U.S. activity
 - \$8.2B in rural areas (34%)\$15.9B in urban areas (66%)

U.S. Economic Activity (2015)



Rural Urban



Hudson Institute (2016)

Employment and e-commerce

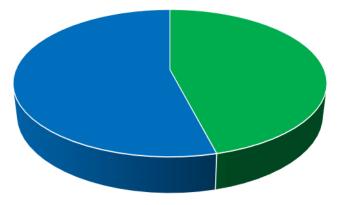
- Rural broadband supports
 - 69,595 jobs
 - 46% rural (32,013)
 - 54% urban (37,582)
 - \$100B e-commerce

Hudson Institute (2016)

Rural Urban



69,595 jobs (2015)



Smart Rural CommunitySM

- Rural broadband to support:
 - Commerce
 - Education
 - Health care
 - Public utilities





Case studies

- Perham, MN: mobile app for fire department
- Alpine, TX: optical telescope and U.S. border security
- Hawkinsville, GA: connected school health cart





Telehealth

- National telehealth savings projections (per facility, annually):
 - Travel expense: \$5,718
 - Lost wages: \$3,431
 - Hospital costs: \$20,841
 - Increased local and pharm revenues:
 \$11,523 \$46,121

ANTICIPATING ECONOMIC RETURNS OF RURAL TELEHEALTH

March 2017

Rick Schadelbauer Manager, Economic Research and Analysis NTCA-The Rural Broadband Association





Conclusions

- Broadband/ICT is an economic generator
- Relationships among urban and rural spaces enable benefits to cross "borders"
- Broadband enables opportunities to secure rural and, therefore, regional urban futures



Next steps

- Community inventory
- Finding the best assistance
- www.partnersinbroadband.com



Discuss!



Contact Information

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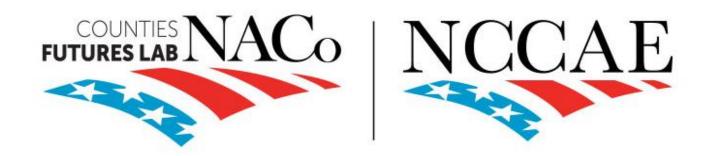






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Managing a Retiring Workforce

Howard Risher

August 29,2017

- Baby boomers born before 1964 75 million
- Generation X to 1981 55 million
- Millennials born by 1998 66 million

✓ Two workers exit the workforce for each new worker who begins his/her career

• Total employed workforce – 151.4 million

Government workforce

- Federal 2,654.7 million (excluding USPS)
- State 2,187.4 million
- Local 5,380.0 million (excluding schools and hospitals)
 - Public hospitals 654.9 thousand
 - Public education 6,120.7 million

- The government workforce is older.
 - 44% of the nongovernment workforce is over age 45
 - 51% of the public school workforce is over age 45
 - 53% of the public administration workforce is over age 45
 - ✓ But when the "justice, public order, and safety activities" workers are backed out – the percentage jumps to 59%.
- The total public administration workforce includes almost 1.2 million workers age 55 or older.

- Its been reported that "about three quarters of individuals approaching retirement . . . would like to keep working in some capacity . . ."
- The age 65 -- initially it was age 70 -- was introduced by Bismarck in the late 1800s.
- Studies show people who find work satisfying and continue working live longer.
 - ✓ It's the money plus socialization, sense of achievement, and identity as a valued individual.

Using the Facts in Planning

- Workforce planning should be done annually.
- Its easy to identify employees approaching the age when they can retire.

✓ It might be somewhat more difficult to identify those management wants to retain.

- The planning should include projecting the skills that will be needed over the next 3 – 5 years.
- The final step is determining if the skills are available locally.

Plus Its Costly to Replace a Solid Contributor

Direct costs, including:

- Separation costs such as exit interviews, severance pay, and higher unemployment taxes
- The cost to temporarily cover an employee's duties such as overtime for other staff or temporary staffing
- Replacement costs such as advertising, search and agency fees, screening applicants, including physicals or drug testing, interviewing and selecting candidates, background verification, employment testing, hiring bonuses, and applicant travel and relocation costs
- Training costs such as orientation, classroom training, certifications, on-the-job training, uniforms, and informational literature
- HR staff involved in recruiting, hiring and onboarding

Indirect costs, including:

- Lost productivity by managers and employees for time devoted to discussing job equirements with HR, interviewing candidates
- Lost productivity for the departing employee who may spend their last days on the job writing exit memos or with reduced morale
- Lost productivity for temporary, less productive replacements and for the immediate supervisor and individuals who work with replacements
- Coping with a vacancy or giving additional work to other employees
- Costs incurred as the new employee reaches competence in his or her job, including reduced productivity, lower quality, errors, and waste
- Reduced morale among co-workers
- Lost clients / lost institutional knowledge

So Where Do We Go From Here?

- Create a culture of knowledge sharing.
 - Regular sessions for executives, managers and co-workers to meet with in-house experts provide opportunities for everyone to increase knowledge of newer practices and methods.
 - The sessions can also include vendors as well as organizations/individuals served by government.
 - Session leaders enjoy the recognition

- Engage employees in focus groups to discuss how their work experience can be improved.
 - This is consistent with an empowered workforce and with the idea of shared governance .
 - It will raise engagement levels and independent of the ideas that surface raise performance levels.
 - Creating a more positive work experience benefits both the organization and employees.

- Review the employee performance management system to confirm criteria and competencies are job specific and required for good performance.
 - Those old systems with vague, almost abstract performance criteria cannot be defended and serve no useful purpose.
 - High performers in a job family know what's required for successful performance.

- Analyze personnel actions ratings, promotions, pay increases, bonus awards and disciplinary actions – for evidence of bias or discrimination.
 - It starts with communication from leaders making fairness a priority.
 - HR needs to have top management's commitment.
 - Review of supporting information is typically the answer.
 - A possible new practice is use of calibration committees.

- Provide training for managers and supervisors to help them understand and deal with issues related to an aging workforce.
 - Managers should be trained to understand and deal effectively with differences in demographic groups.
 - The sessions give managers a chance to share experience and seek advice.
 - Input for planning the sessions should be invited from older workers.

- Review and give new emphasis to practices to recognize and reward accomplishments.
 - Everyone wants to have their value recognized.
 - The book, 1000 Ways to Reward Employees, has been popular since it was published in 1993. Now its 1500!
 - Most reward recognition practices have minimal cost.
 - Employee groups can take the lead.

- Review job descriptions to eliminate words or phrases that suggest age is relevant.
 - The older format for job descriptions with statements like "minimum 10 years of experience" cannot" be defended and should be rewritten to focus on required knowledge and skills.
 - Education requirements are also suspect and difficult to validate.

- Offer older workers the time to develop proposals for ideas to improve unit performance.
 - Allowing workers to take an hour or two to develop a proposal is generally a worthwhile investment.
 - Providing the opportunity sends the message the are valued.
 - If it results in savings or increased productivity, the developed should be rewarded (as with gain sharing).

- Allow older workers to retire, start their pensions, and return to work part-time.
 - This may not be possible or practical with some jobs or under some public pensions but it's a simple solution.
 - Its likely to be less costly than recruiting, hiring and training replacements.

- Adopt a deferred retirement option plan (DROP)
 - DROP plans are an incentive to keep working for employees who have reached the maximum under the qualified pension.
 - Providing a deferred pension supplement can make sense but it experts argue it should be planned to be actuarially neutral. That is the cost should be the same as added years under a qualified pension.
 - There are better ways to retain valued employees.

- Define formal mentoring and coaching roles to give older workers a reason to share what they have learned.
 - There is heightened emphasis on mentoring and coaching
 - Older workers generally enjoy the opportunities.
 - It recognizes their expertise and provides learning opportunities for younger workers.

- Create groups that involve older and younger workers to discuss operating problems.
 - Both groups can benefit since younger workers are often more comfortable and proficient in using new technology and methods.
 - Younger workers develop a better appreciation for the knowledge of their older co-workers.

- Offer caregiver support for employees who are struggling with problems related to young as well as older family members.
 - Caregiving can be a burden that distracts employees and can become a serious barrier to good performance.
 - Giving them time off, flexible hours or allowing them work at home can alleviate the stress.
 - Most workers have to deal with the issue at some point.

- Create a wellness program that benefits all employees.
 - The program could provide for health screenings, health risk appraisals, smoking cessation programs, weight loss programs or counseling, health coaches and stress management counseling.
 - Public health specialists can play an obvious role.
 - It will reduce health care costs.

- For workers who have a disability, consider modifying their job and work environment to enable them to remain productive.
 - Generally employees who develop a disability will be grateful for the opportunity and become the most committed workers.

- Create a group of retired workers with recognized expertise and use them as consultants.
 - The group is best kept small to retain credibility.
 - If they are true experts, its best to retain them as full time or part time employees.
 - The rate of compensation should be fair relative to other consultants and agreed at retirement.

Final Thought

- The best performing companies rely on a still new employee relations philosophy
 - Employees and their job knowledge are assets, not costs, and the goal should be encourage full use of the assets.
- Public employers need to rethink employment practices to compete for talent.
- For the near term retaining proven talent in productive roles should be the goal.





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