SHARED SERVICES LEADERSHIP COALITION

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WHY LEGISLATION IS NECESSARY TO SUPPORT COMMON SERVICES CONSOLIDATION

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The Federal Government is burdened by over-investment in antiquated, duplicative and redundant systems, lack of standardized processes and data, and organizations used to manage common services such as financial management, HR, acquisition, IT services and other common functions. These activities could be managed far more efficiently and effectively if consolidated using shared service operating and business models. This is why we are working with Congress and the Administration by providing draft legislation to drive this important change and strategizing to ensure its successful enactment and implementation.

While much success has been realized by other governments and Fortune 500 companies around the world, consolidation initiatives initiated by every administration from the 1980s into the 2020s have experienced challenges due to frequent changes in priorities and implementation approaches from one administration to another, and the lack of strong and consistent support from the highest levels of the Executive Branch and Congress. As a result, the government has failed to realize the full transformative value of shared services, including potential cost savings of $75 Billion to $1 Trillion. The government's inconsistent and underpowered approaches must change for consolidation to be successful.

Therefore, legislation is necessary to support common services consolidation for the following reasons.

1. **For sustainability across administrations.** Common services consolidation will require sustained effort driven in a clear and consistent direction for at least a decade with strong leadership and applied expertise. Legislation is necessary to provide clear direction, a roadmap and oversight across multiple presidential administrations to keep progress on track. Legislation will also provide bipartisan "branding" so that shared services won't be identified politically with a particular administration or party and suffer diminished support from future administrations. The importance of legislation for creating sustainability has been recognized in many government management reforms, such as the CFO Act, FITARA, the DATA Act, Clinger-Cohen, GPRAMA, Evidence Based Modernization Act, etc. As noted by US Comptroller General Gene Dodaro: *"Successful management reforms in the Federal Government need to have legislative underpinnings so they have permanence and consistency over time, no matter who's in the White House or who's leading departments and agencies[1]."*

2. **To ensure accountability for performance and full benefits realization.** Well-crafted legislation can ensure that both Congress and the current and future administrations receive the accountability and performance reporting necessary to make data-driven decisions that impact all agencies across the government and demonstrate improved service to government employees and the American people. Legislation should require that the Congressional Budget Office establish an accurate and transparent scorekeeping capability to track savings realization, including actual spending reductions and cost avoidances consistent with industry standard return on investment calculations.

3. **To force agencies to engage a common services model.** Agencies tend to resist change until they have no choice but to comply with non-negotiable directives issued by higher authorities. The absence of a mandate and lack of clarity in authority and responsibility have been significant barriers to agency adoption of shared services. A statutory mandate that will outlast changes in presidential

[1] Keynote, Data Transparency Summit 2014, Data Transparency Coalition, September 30, 2014

administrations is necessary to get and keep migrations moving and put in place the governance structure necessary to ensure ongoing success and effective management. For the first time, Congress can have a powerful view into the window of duplication, overlap, waste and conversely improved efficiency, effectiveness, and service to agencies and the American people through cross government data and established performance and outcome measures.

4. **To empower and resource critical Executive Branch governance roles.** OMB Management Memorandum M-19-16 established important governance roles and responsibilities for shared services in OMB and GSA in the first Trump Administration. These roles need to be codified and empowered with sufficient authorities and resources to perform their expanding roles into the foreseeable future. Absent codification, they could be eliminated by the stroke of a pen by a future administration. Further, authorities and accountabilities need to be established and made clear to all agencies to prevent drift from administration to administration. M-19-16 is a well written tool that needs legislative "teeth" to make it work.

5. **To provide industry service providers and government entities with a clear market signal to justify investments in common service platforms.** The government needs industry partners to build and operate modernized and scalable common service platforms with features, functions and capacity to serve government-wide demand based on consistent policy, process, and data standards. Industry partners have been burned in the past by unsupported "build it and we will come" assurances from government. A statutory mandate and timetable will demonstrate government's commitment and provide a predictable level of demand for service consumption so that industry providers can invest confidently and anticipate reasonable returns on investment. This will also provide government Quality Service Management Offices (QSMOs) with the mandate they need to perform their envisioned roles effectively.

6. **To gain the support of Congressional appropriators and provide an accurate and transparent scorekeeping capability to track savings realization.** Shared services implementation has encountered resistance in the past from Congressional appropriators due to the absence of underlying authorizing legislation and concerns about disintermediating and disrupting appropriation subcommittee "rice bowls." This resistance is likely to continue and grow in the future if implementation activity accelerates but is not codified. The give and take of the legislative process will enable appropriators to cut deals that protect most of their turf while giving them the ability to enforce cost savings realization in the agencies and a voice in how savings will be repurposed, in return for language that promotes stable funding for modernization over time and a clear sense of direction for future administrations to navigate by. Further, if done right, consolidating common services will return money to the treasury and not be additive to the budget or contribute to a deficit.

The case for legislation is compelling and necessary. The stars are perfectly aligned for a bipartisan majority in Congress and the Trump Administration to seize the moment and codify common service consolidation as a keystone and core architectural principle of a modernized, data- and performance-driven 21st Century government.

Steve Goodrich is Chairman of the Board of Directors and John Marshall is Founder and CEO of the Shared Services Leadership Coalition.

Our Mission and Guiding Principles

SSLC is a non-partisan, non-profit organization dedicated to advancing the government's implementation of shared services business models to improve government efficiency and effectiveness.

We promote a marketplace where government and industry service providers can fairly compete to best deliver capabilities to government customer agencies that fully realize the transformative business value of shared services to enable continuous modernization in service delivery.

We also promote immediate actions to accelerate the government's adoption of shared services to more fully and rapidly address 21st Century challenges.

We Advocate for a Government-Industry Shared Services Ecosystem Where:

1. Shared services are:
   - The default delivery model for mission delivery and support services common to multiple agencies throughout the government.
   - Defined based on a clear set of facts regarding what exists, what is intended to be achieved, and how desired outcomes will be realized.
   - Designed to government-defined standards in alignment with Federal regulations, Federal policies, industry best practices and leading technologies.
   - Managed to promote and track important measurable outcomes, including efficiency, effectiveness and customer experience.
   - Delivered in an open marketplace accessible to qualified government and industry service providers, promoting innovation and predictable price models for customers.
2. A transformation vision and roadmap to achieve full operational capability of Federal shared services, including policy, investment strategies and return on investment are well defined and supported by Congressional and Executive Branch leaders.
3. All agencies participate in the shared services marketplace and support more effective agency-wide and government-wide decision-making to enable the seamless and secure delivery of shared services wherever opportunities are identified.
4. All government and industry providers are encouraged and incentivized to leverage commercial investment to keep offerings continuously modernized and delivering value at industry-leading performance levels.

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