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Admin
Minnesota
DEPARTMENT OF ADMINISTRATION

January 15, 2013

The Honorable Tom Saxhaug
Chair, Senate State Departments and
Veterans Division
328 State Capitol
St. Paul, MN 55155

The Honorable Mary Murphy
Chair, House State Government Finance and
Veterans Affairs
443 State Office Building
St. Paul, MN 55155

Dear Senator Saxhaug and Representative Murphy:

Minnesota Statutes Section 16C.36 requires the Commissioner of Administration to report to the legislature by January 15, 2013, on state agency use of eligible contractors under the enacted provision and requires a report of "improvements in efficiency and effectiveness, including the contract oversight process, of state services as a result of services provided by contractors."

Minnesota Statutes Section 16C.36 requires the Commissioner of Administration to make available under a Master Contract program a list of eligible contractors who can assist state agencies in using data analytics to accomplish specified reorganization services. In December 2011, the Department of Administration formally launched its Data Analytics Master Contract Program. This program makes available the services of 22 eligible contractors in 12 separate analytics categories. Most pertinent to this report is the Master Contract service category of "Continuous Organizational and Quality Improvement" for agencies to use at their discretion. A full description of the Data Analytics Master Contract program is detailed in the attached Report to the Legislature dated January 15, 2012.

Concurrent to the passage of section 16C.36, the 2012 Minnesota Legislature enacted legislation and appropriated funds for a benchmarking study that would assess the efficiency and effectiveness of State government's finance, human resources, payroll and procurement processes. (Chapter 292, Article 4, Section 17.) In October 2012, the Department of Administration contracted with IBM to collect and analyze the data required to benchmark the State's performance in these areas against other public and private organizations. The final report, along with findings and recommendations is nearing completion.

Because of this benchmarking legislation, Executive Branch agencies are focusing on opportunities within these functional areas rather than performing independent assessments under section 16C.36. There was, however, a significant engagement by the Minnesota State Colleges and Universities (MnSCU) which used the Data Analytics Master Contract Program to

engage a contractor to support its strategic Campus Service Cooperative initiative. MnSCU has graciously supplied the attached report on the status of this ongoing initiative.

In the twelve months since the Master Contract program was instituted, fourteen contracts have been executed. These contracts are not specifically regarding management restructuring but are focusing on more efficient service delivery and better customer service by agencies.

Sincerely,

Spencer Cronk
Commissioner

cc: Senator Carla Nelson
        Representative Mike Benson
        Legislative Reference Library
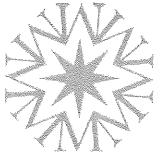
Minnesota
STATE COLLEGES
& UNIVERSITIES

**Campus Service
Cooperative**
One team, many campuses

Status Report
January 15, 2013

The Campus Service Cooperative (CSC) is a strategic initiative in support of the MnSCU's goal of providing the highest value and most affordable option of higher education for the students of Minnesota. It is an aggressive, methodical, and systemwide approach to controlling costs and increasing efficiency and productivity of our campuses and system office. The CSC is a continuation of MnSCU's long-standing focus and track record on operational excellence.

The CSC's tag line of *"One team, many campuses"* is realized through its focus on efficient, high quality, and transformational delivery of services, while respecting the unique academic mission of each of MnSCU's colleges and universities.

The savings are being retained by each college and university to increase efficiency and effectiveness; hold down tuition; reinvest in academic programs; and ensure competitive compensation for faculty and staff.

Still in its infancy, but growing in momentum, the CSC began in 2011 by demonstrating how campuses can work together on such activities as payroll processing, bank account reconciliations, and direct student loan processing, without location dependence.

Now, a comprehensive plan developed over a four-month period in 2012, is being executed for the CSC to create a shared services platform focusing initially on four areas: Finance/Business Offices; Human Resources; Financial Aid; and Strategic Sourcing. The approach is a simple three-step strategy: (1) identify and adopt common business practices; (2) work together across the system by pooling workload in virtual work queues in the "cloud"; and (3) adopt a mindset of relentless, continuous process improvement. The foundation of the CSC is built with disciplined metrics and performance benchmarks complemented by the pursuit of innovation, creativity, and ideas from all team members.

<u>Minnesota Department of Administration</u> – *"Enterprise Data Analytics Master Contract"*

IBM's Public Sector Strategy and Transformation Practice has been engaged to assist the CSC in the analysis, planning and execution of a multi-year, multi-cycle program. IBM is focusing on both delivering tangible financial results and efficiencies, as well as developing internal MnSCU capabilities for strategic sourcing, shared services, and continuous process improvement.

In addition, the MnSCU Campus Service Cooperative is exploring partnerships and collaborations with such groups as Minnesota Department of Administration and other state agencies; the University of Minnesota; the Associated Colleges of the Twin Cities; and the Itasca Project.

Minnesota STATE COLLEGES & UNIVERSITIES | **Campus Service Cooperative**
One team, many campuses
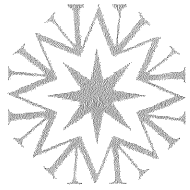
Fundamental Redesign of Services

Business Offices

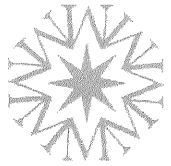**Human Resources**

Financial Aid

Procurement

Unlocking savings to:

✓ increase **efficiency** and **effectiveness**

✓ hold down **tuition**

✓ reinvest in **academic** programs

✓ ensure competitive **compensation** for faculty and staff

The CSC is transforming how campuses work together.

Minnesota STATE COLLEGES & UNIVERSITIES | **Campus Service Cooperative**
One team, many campuses

Why This Matters

People

- Career development and growth

- Talent acquisition

- Succession planning

- Continuity planning

Innovation

- Process transformation

- Metrics for productivity, quality, and compliance

- Internal and external best practices

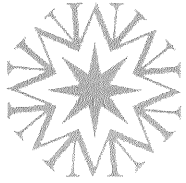- Service levels benefiting students, faculty, and staff

Value

- Economic savings

- More efficient delivery with existing resources

- Reinvestment of savings in education mission and priorities

The CSC is delivering many types of benefits to our campuses.

Minnesota STATE COLLEGES & UNIVERSITIES | Campus Service Cooperative
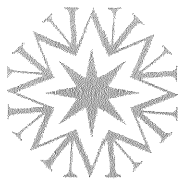*One team, many campuses*

Keys To Our Success

- ✓ **Disciplined Execution, Metrics, and Benchmarks**

- ✓ **Support and Advocacy**

- ✓ **Communication and Engagement**

- ✓ **Celebrating Success and Learning from Setbacks**
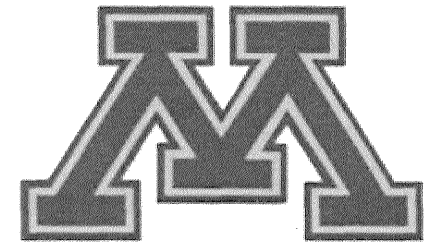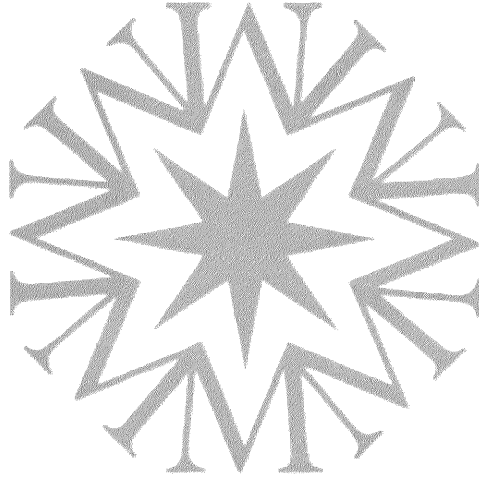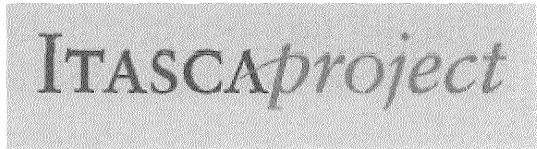
- ✓ **Continuous Improvement**

© Campus Service Cooperative

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Campus Service Cooperative
One team, many campuses

We Are Working With and Learning from Others

ACTC
Associated Colleges of the Twin Cities

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AFSCME
Minnesota Council 5

ITASCA*project*

The CSC is working with other organizations, both public and private, across Minnesota.