

# Local Public Services in Wisconsin: Alternatives for Municipalities

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## Fact Sheet #3: Comparison of Service Production Methods and the Incidence of Privatization *Public Safety, Health and Human Services, Support Functions*

There are five fact sheets in the series

*Local Public Services in Wisconsin: Alternatives for Municipalities*

I. Overview

II. Comparison of Service Production Methods and Incidence of Privatization

--*Public Works and Transportation; Public Utilities; Parks and Recreation; and Cultural and Arts Programs*

III. Comparison of Service Production Methods and Incidence of Privatization

--*Public Safety, Health and Human Services, and Support Functions*

IV. Factors Influencing the Decision to Privatize and Factors Contributing to Success

V. Administering/Bidding Contracts and Monitoring Contractor Performance

*A total of 452 cities and villages in Wisconsin were surveyed on the extent to which local public services are produced by municipal employees, have been privatized (contracted out to private firms) or are produced by some other method. Municipalities responded with information about 82 services in seven categories. This fact sheet reports the results for three categories: Public Safety, Health and Human Services, and Support Functions*

### Public Safety

The level of privatization of most police and fire services is very low – one to two percent (Figure 1). Police and fire training are only slightly higher (three to four percent). Building security, emergency medical services and ambulance services exhibit somewhat higher levels of contracting with private for-profit firms than do most other public safety services, ranging from 12 to 14 percent (Figure 2). Of the other municipal public safety categories examined for this study, only vehicle towing and storage services are supplied

by private firms in any significant way (71 percent; Figure 2).

Intergovernmental cooperation also plays a significant role with emergency medical and ambulance services – 36 percent report contracting with other municipalities (Figure 9).

Several reasons can be advanced for why public safety services may not have experienced higher rates of privatization. First, police and fire protection are services that local residents may be willing to devote additional public resources due to the importance of the services. Indeed, in some neighborhoods and business

districts, local residents and business owners have agreed to hire private security companies to increase patrols and safeguard against crime. Second, because of the nature of the services provided, municipalities must be conscious of liabilities. Recent experiences with privately owned and operated jails in Texas have placed a spotlight on the legal exposure that overzealous employees of the private company may create for the contracting municipality.

More fundamental is the difficulty in monitoring and enforcing contracts with respect to public safety. For example, how does one measure the effectiveness of a police and/or fire department? In the case of police departments, low crime rates may be considered a reasonable measure. However, crime rates, as measured by police statistics, may be relatively low even in areas generally considered unsafe because residents fail to report crimes to what they consider to be an ineffective police department. Alternatively, using arrest rates as a measure of performance may encourage private security companies to undertake overly aggressive enforcement to satisfy contracted quotas.

Because of the diverse array of services provided by police and fire departments, specific benchmarks may be so narrowly defined (e.g., establishing quotas for each of a number of violation classifications) that enforcement and recordkeeping may divert resources away from other legitimate and important functions. The benchmarks could also be so broad that they become meaningless. An effective police department inhibits crime from occurring in the first place. However, crime prevention is very difficult to

measure, and thus to monitor in a contractual arrangement.

Wisconsin municipalities retain the traditional model of an independent police department and fire department. Figure 1 shows that 70 percent of cities and villages employ municipal employees for crime prevention and patrol and 56 percent for fire prevention and suppression. It is important to note, however, that many municipalities have explored alternative service delivery methods. For example, several smaller cities and villages have found that contracting with the county sheriff department or a neighboring police department to be a cost-effective alternative. While this is an example of intergovernmental cooperation rather than a privatization decision, the end result is contracting with an outside agency who may be in a better position to capture economies of scale and managerial efficiencies.

Other municipalities have found that cooperative arrangements where two or more municipalities join together to form a shared police or fire department can be cost effective. The idea of a common fire district covering several municipalities has been a tradition in and outside of Wisconsin for many decades. Here the costs of expensive specialized fire fighting equipment can be shared across several municipalities, lowering the costs to any one municipality but ensuring access to the equipment in case of an emergency. Figure 9 shows the extent to which cities and villages contract with other municipalities public safety services, including crime prevention and patrol (16 percent of cities and villages) and fire prevention and suppression (27 percent).

A more common form of cooperative arrangement across several

local jurisdictions is embodied in a common pool communication center that handles 911 emergency calls and dispatching. Given telecommunication technologies, the physical location of the communication center need not be within the immediate community. Several communities who may not be able to independently afford the technology can share costs, ensuring access to state-of-the-art technologies. In addition, if cooperative agreements are in place for joint responses to emergency calls, a common pool communication center can more effectively coordinate a response. Figure 9 shows that intergovernmental cooperation in fire and police communication is extensive in Wisconsin, with 47 percent and 43 percent, respectively, of municipalities reporting cooperating with other units of government in those service areas.

### **Health and Human Services**

Health and Human Services is an area where alternatives to municipal employees for service delivery are common. In just two categories of services (relating to animal control and sanitation) are one third or more of Wisconsin municipalities using municipal employees, as shown in Figure 3: animal control (47 percent) and sanitation inspection (39 percent). Almost as large a proportion (31 percent) have engaged private firms for insect/rodent control. Animal shelter operations are operated by private firms in 19 percent of Wisconsin municipalities.

There are a wide variety of alternative service delivery methods for services covering the elderly, children, the homeless, and various health

programs, with privatization significant in just a few instances (Figure 4). Day-care facility operations have the largest incidence of service delivery through for-profit firms (64 percent), and the second largest is hospital management and operation, with 48 percent of responding municipalities. A smaller proportion of municipalities offer public/elderly housing services through private firms (28 percent). Twenty-one percent offer privately-run drug/alcohol treatment programs.

Prisons and jails, and parole programs, are generally state responsibilities, often carried out by counties, so virtually no municipalities indicated service delivery through either private firms or municipal employees. In fact, over 95 percent of municipalities report that those services are produced by other units of government (Figure 10)

A number of other health and human services are also carried out by counties or other units of government, and the survey results show high levels of intergovernmental service production from the point of view of responding municipalities. Among them are child welfare programs (91 percent of municipalities), mental health and retardation programs (85 percent), homeless shelter management (84 percent), public health programs (79 percent), elderly programs (69 percent), drug/ alcohol treatment programs (66 percent), and public/elderly housing (54 percent).

### **Support Functions**

Support functions cover a wide range, including building-related services, vehicle operations, finance and record-keeping, and a variety of other services

Municipalities tend to operate their building-related services with municipal employees, ranging from 70 percent for janitorial services to over 80 percent for building security and for building and grounds maintenance (Figure 5). Nineteen percent of municipalities contract with private firms for janitorial services.

On average, approximately half of the municipalities use municipal employees in their vehicle operations, ranging from 46 percent for emergency vehicles, to 58 percent for heavy equipment, to 60 percent for all other vehicles (Figure 6). Across the four types of vehicle-related services, the proportion of municipalities that contract with private firms ranges from 11 to 13 percent. A similar proportion of municipalities report that fleet management/vehicle maintenance and emergency vehicle services are accomplished by arrangement with other units of government (Figure 11).

Cities and villages undertake a variety of financial and record-keeping services to keep the municipality running (Figure 7). Almost all municipalities (97 percent) do payroll administration “in house.” Most municipalities also carry out their data processing and bill collection functions with municipal employees (77 percent and 74 percent, respectively). Private firms carry out those services for 8 percent and 14 percent of municipalities, respectively.

Various municipal tax functions are carried out by public employees in thirty to forty percent of municipalities. (tax billing, tax assessing, and delinquent tax collection; Figure 7). Among those functions, only tax assessing has a significant incidence of service production through for-profit

firms (55 percent). It is common for cities and villages to contract with independent tax assessors, rather than retain a staff member for that purpose.

Figure 8 shows a variety of other support functions with a range of service production arrangements. The highest proportion of municipal employee-provided support functions occur with secretarial services (95 percent), personnel services (92 percent) and public relations/information (85 percent). Only large municipalities are likely to need a full-time attorney, so it is not surprising that private attorneys are retained on a contractual or other similar basis by 75 percent of municipalities. Two other types of services with some degree of private, for-profit service production are food services (31 percent out of 36 responses) and labor relations (21 percent).

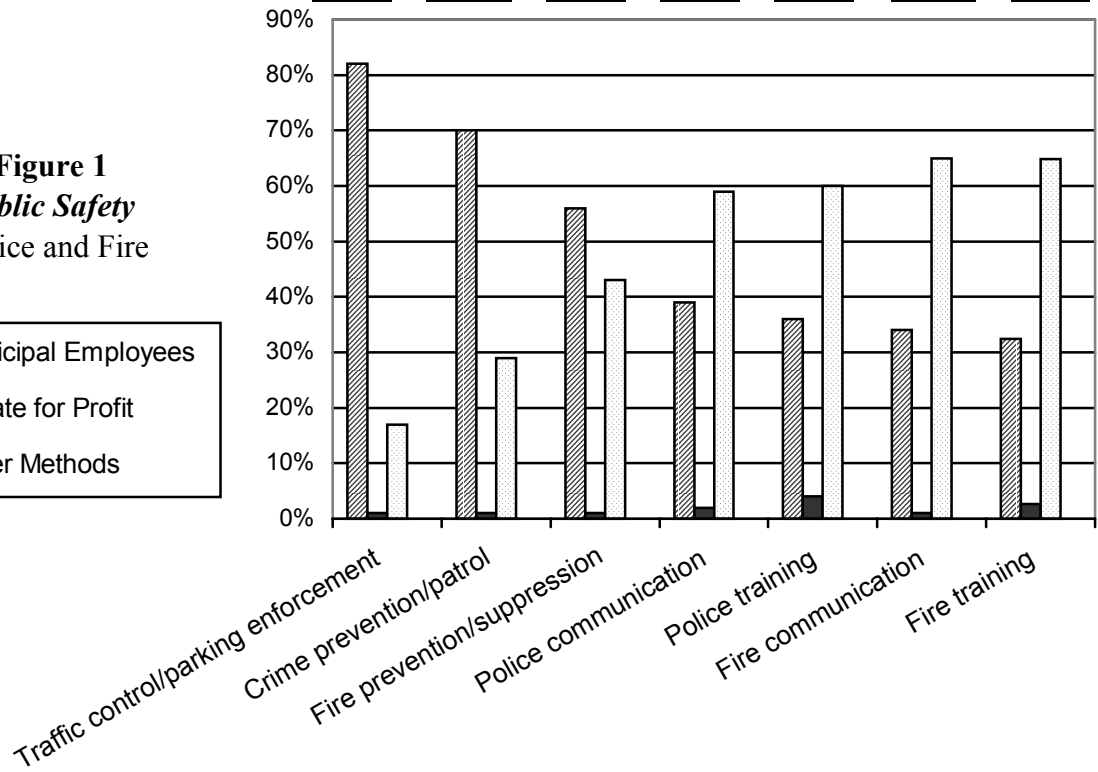
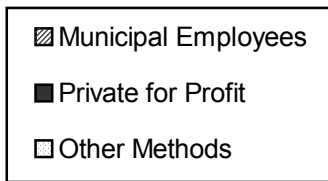
Figure 11 shows three types of finance and record-keeping support functions with a significant instance of intergovernmental cooperation. It is common for counties do undertake title recording and plat map maintenance on behalf of municipalities, and 62% of cities and villages report service production through other units of government. Delinquent tax collection and tax billing and processing are carried out via intergovernmental arrangements by 53 percent and 41 percent of municipalities, respectively. All other support functions not shown in Figure 11 had 5 or fewer municipalities reporting intergovernmental arrangements for those services.

Analysis of four additional categories of local public services appears in Fact Sheet #2 in this series – Public Works and Transportation, Public Utilities, Parks and Recreation, and Cultural and Arts Programs.

Number of Respondents =

314 361 330 315 308 319 333

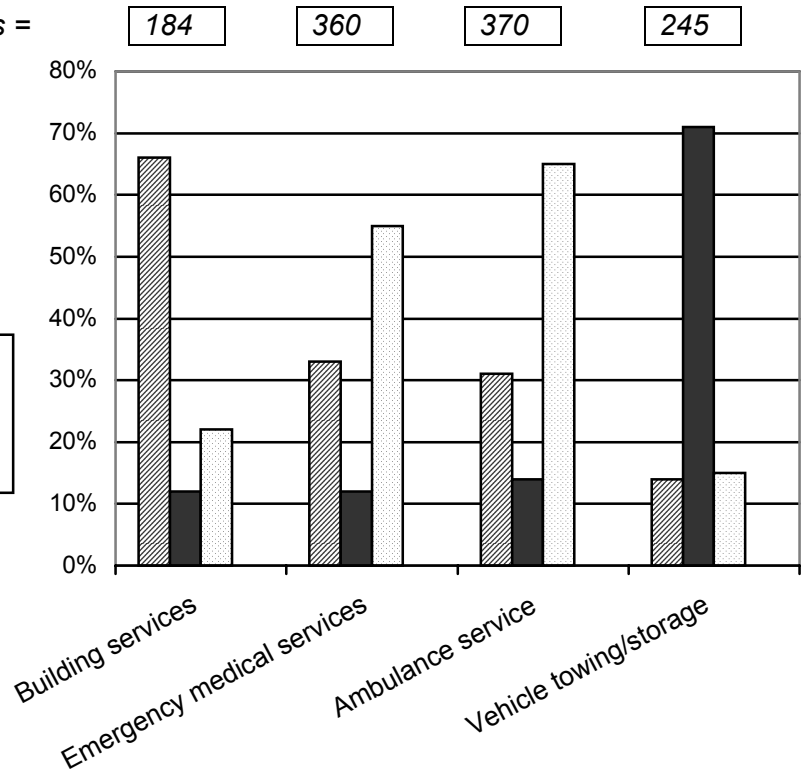
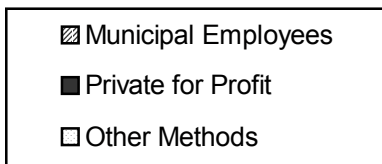
**Figure 1**  
**Public Safety**  
Police and Fire



Number of Respondents =

184 360 370 245

**Figure 2**  
**Public Safety**  
Emergency/Ambulance  
and Other Services



Number of Respondents =

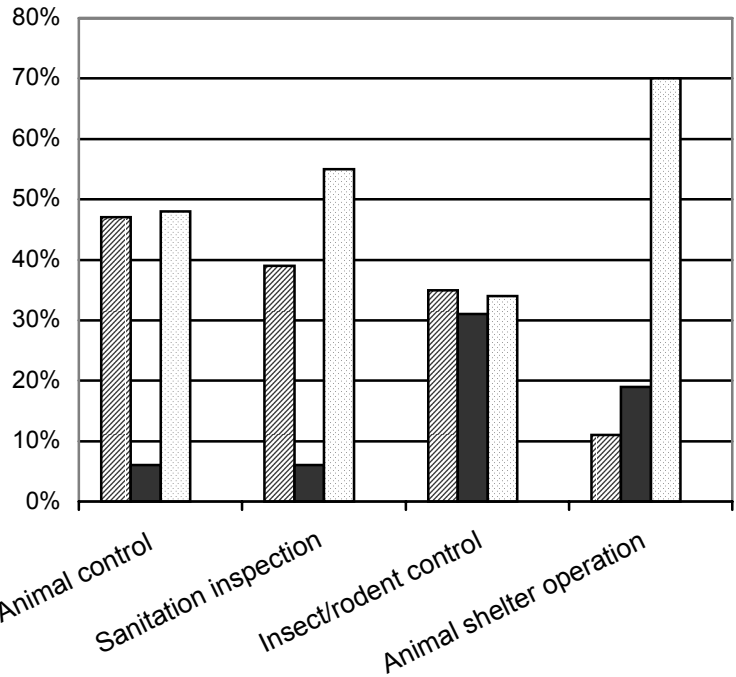
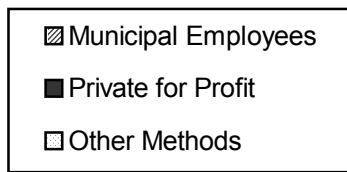
281

196

175

215

**Figure 3**  
*Health and Human Services*  
Sanitation and Animal Control



Number of Respondents =

185

179

145

132

108

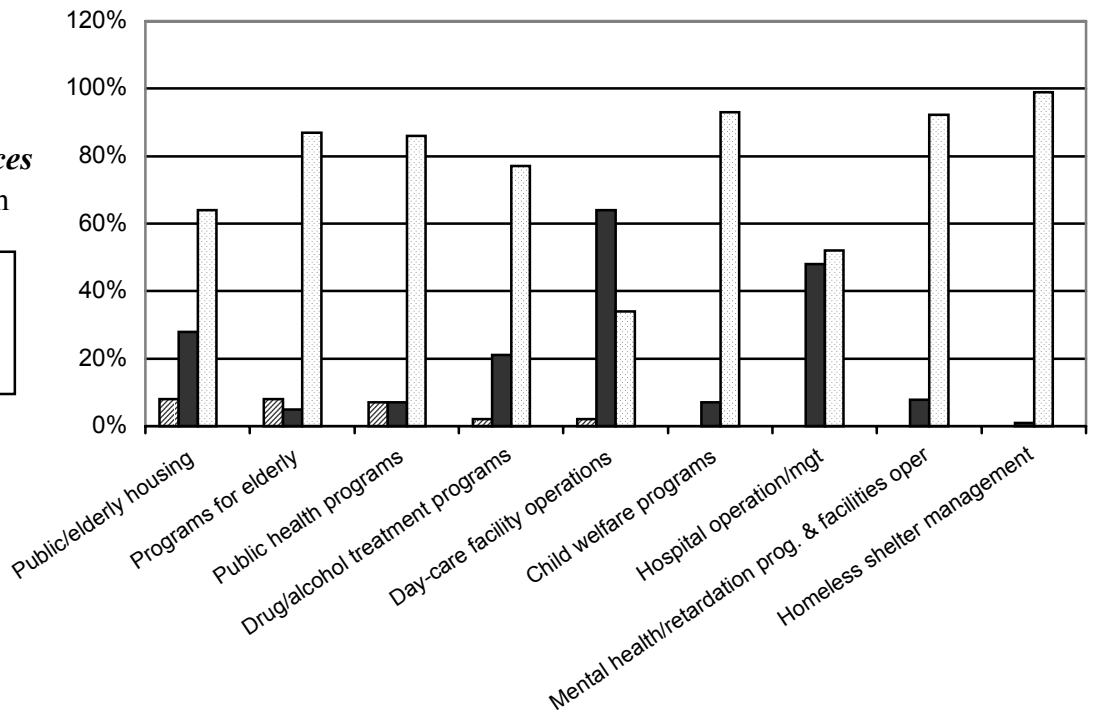
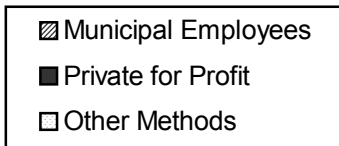
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88

117

99

**Figure 4**  
*Health and Human Services*  
Public Services Program



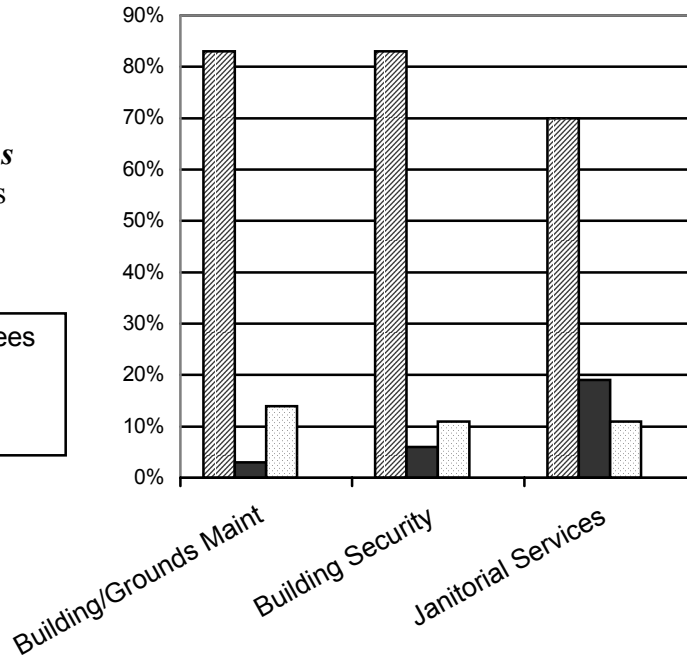
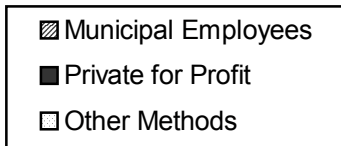
Number of Respondents =

374

198

332

**Figure 5**  
*Support Functions*  
Building Services



Number of Respondents =

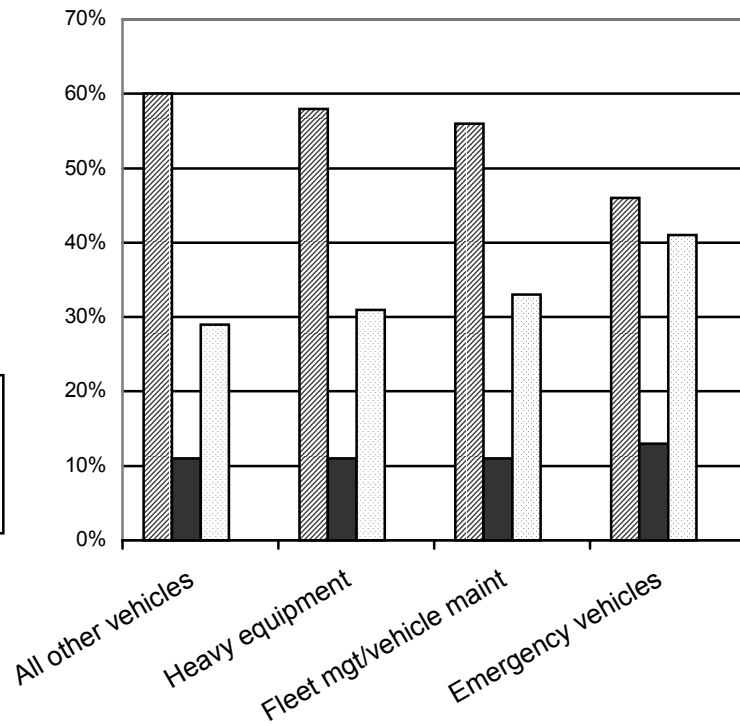
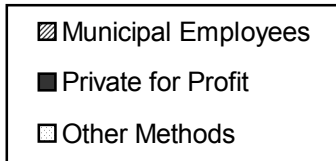
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242

291

257

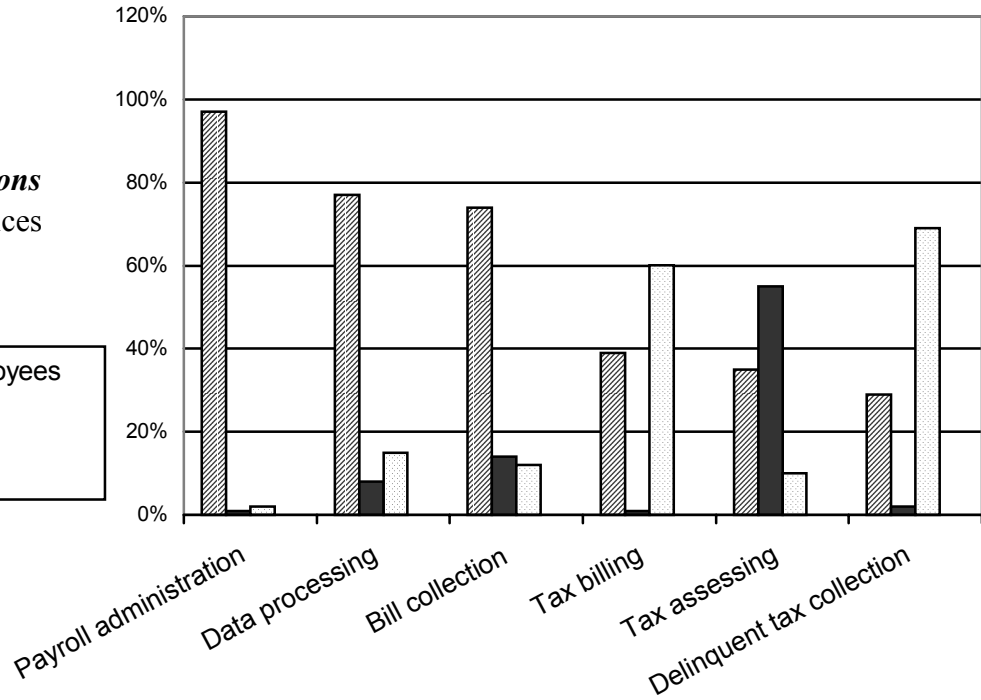
**Figure 6**  
*Support Functions*  
Vehicle Operations



Number of Respondents = 403 278 273 381 402 365

**Figure 7**  
*Support Functions*  
Financial Services

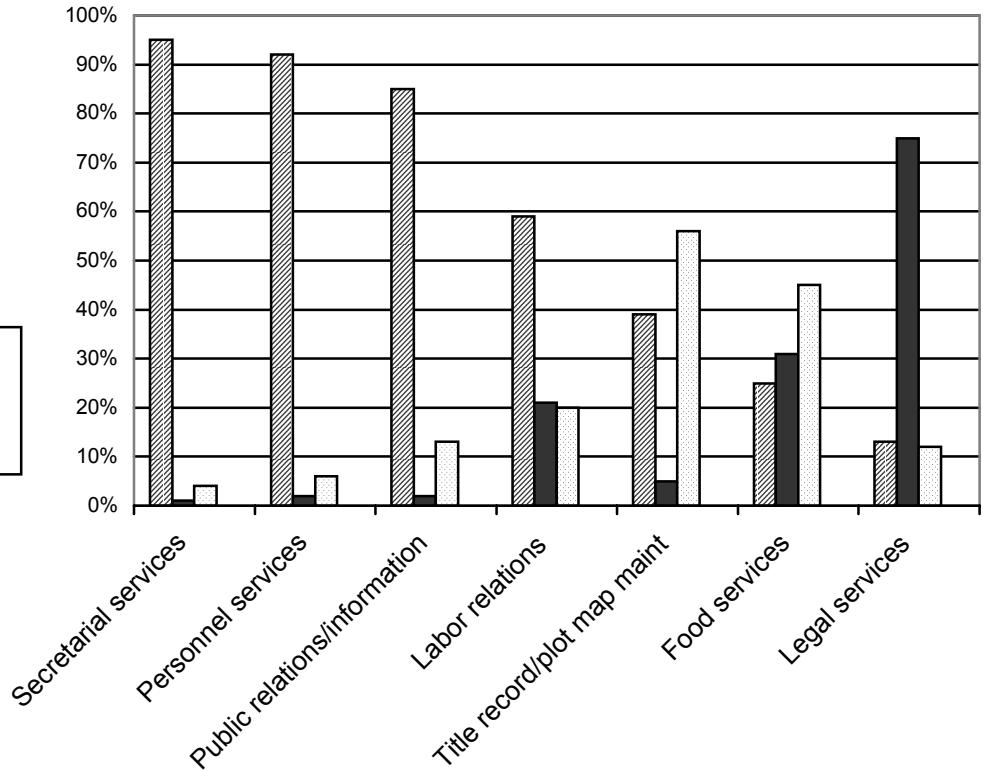
Municipal Employees  
 Private for Profit  
 Other Methods



Number of Respondents = 307 276 224 239 276 36 358

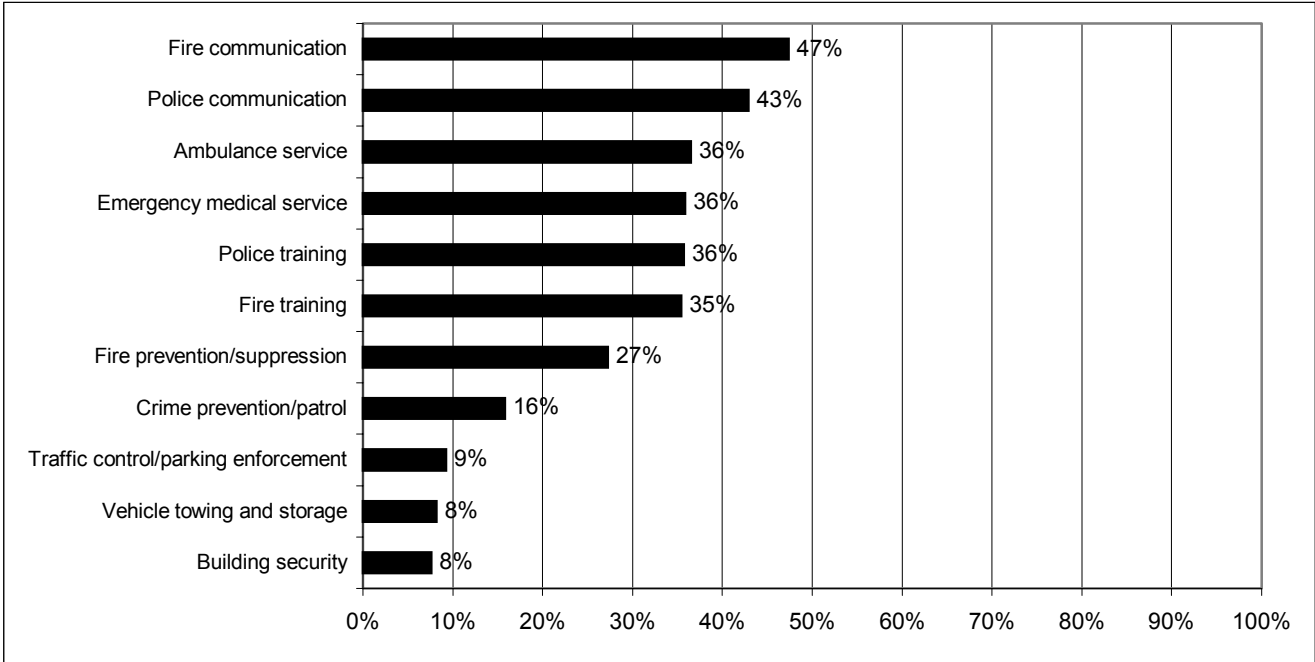
**Figure 8**  
*Support Functions*  
Other

Municipal Employees  
 Private for Profit  
 Other Methods

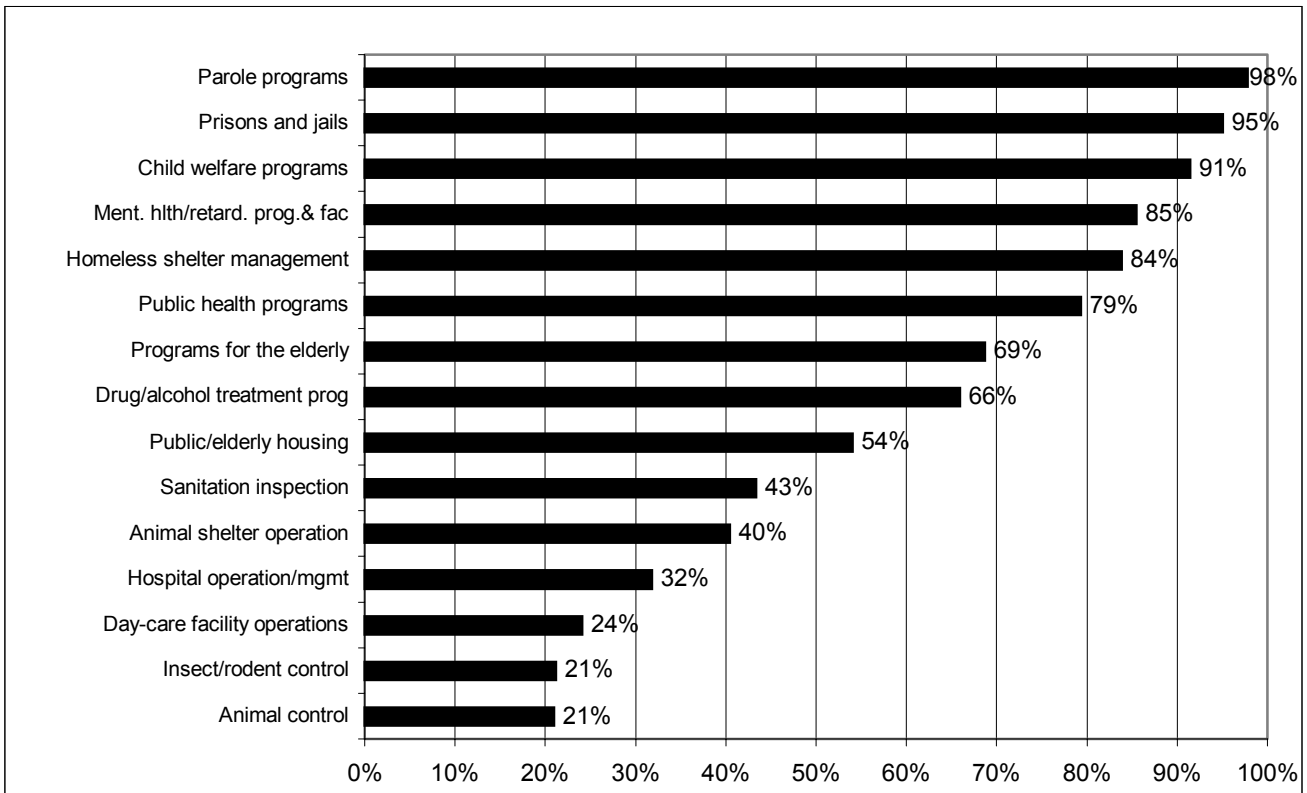




**Figure 9. Intergovernmental Cooperation in Public Safety:**  
**Percent of Municipalities Responding that Other Units of Government Produce Service**  
*[Number of respondents with service produced by another unit of government and total number of respondents shown in parentheses after service category]*



**Figure 10. Intergovernmental Cooperation in Health and Human Services:**  
**Percent of Municipalities Responding that Other Units of Government Produce Service**  
*[Number of respondents with service produced by another unit of government and total number of respondents shown in parentheses after service category]*



**Figure 11. Intergovernmental Cooperation in Support Functions:  
Percent of Municipalities Responding that Other Units of Government Produce Service**  
*[Number of respondents with service produced by another unit of government  
and total number of respondents shown in parentheses after service category]*

