

REINVENTING GOVERNMENT

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Based in part on the book titled

Reinventing Government

By David Osborne & Ted Gaebler

Privatization vs. Traditional Government

- ◆ The question may be more complex then, “When is is appropriate to Privatize Government functions?”
- ◆ Maybe the role of this committee is to also encourage a Paradigm Shift in Traditional Government to more of an Entrepreneurial model.

Common Beliefs For Privatizing Public Services

- ◆ Governments are broken because public services and tax dollars have been mismanaged.
- ◆ Government spending is fully of incompetence, waste and fraud. Privatizing would eliminate this problem.
- ◆ Market forces and competition ensures that the private sector delivers a higher quality service at a lower cost than the public sector.

Common Beliefs For Privatizing Public Services

- ◆ It's impossible to get rid of bad public employees, so they don't care about their jobs.
- ◆ Private corporations make more efficient use of funds and eliminate waste.
- ◆ Money paid in taxes would make us all richer if spend in the private sector.

Cornell University Hebron Report Findings

“We found privatization to be, at best, a disruptive, socially destabilizing, and ultimately harmful method of cost savings. At its worst, privatization can actually increase costs, lower the quality of services, reduce public accountability, and marginalize citizen involvement in the democratic process.”

Cornell University Hebron Report Findings

“The rational solution is to seek creative alternatives to the way services are currently provided by improving the utilization of the existing workforce. This practical answer can be found in fundamental reform of public sector work process through dialogue, discussion, and negotiations.”

Prerequisites to Privatization

- ◆ There needs to be a competitive marketplace.
- ◆ There needs to be a significant number of bidders to ensure competition.
- ◆ There needs to be back up should the chosen provider fail.
- ◆ The goods or services to be provided must be able to be clearly defined.
- ◆ Minimal risk to the public and government should services be interrupted.

Entrepreneurial Government

- ◆ Public sector institutions that habitually and constantly use their resources in new ways to heighten both their efficiency and their effectiveness.
- ◆ The kinds of governments that developed during the industrial era, with their sluggish, centralized bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well.

Principles of Entrepreneurial Governments

- ◆ Promote competition between service providers, and empower citizens by pushing control out of the bureaucracy, into the community.
- ◆ They measure the performance of their agencies, focusing not on inputs but on outcomes.
- ◆ They are driven by their goals – their missions – not by their rules and regulations

Principles of Entrepreneurial Governments

- ◆ They redefine their clients as customers and offer choices between schools, between training programs, between housing options.
- ◆ They prevent problems before they emerge, rather than simply offering services afterward.
- ◆ They put their energies into earning money, not simply, spending it.

Principles of Entrepreneurial Governments

- ◆ They decentralize authority, embracing participatory management.
- ◆ They prefer market mechanisms to bureaucratic mechanisms.
- ◆ They focus not simply on providing public service, but on catalyzing all sectors – public, private, and voluntary – into action to solve their community's problems.

A Third Choice

- ◆ Most of our leaders still tell us that there are only two ways out of our repeated public crises: we can raise taxes, or we can cut spending.
- ◆ We do not want less education, fewer roads, less health care. Nor do we want higher taxes.
- ◆ We want better education, better roads, and better health care, for the same tax dollars.

An Alternative To Traditional Government

- ◆ To melt the fat of government, we must change the basic incentives that drive our governments.
- ◆ We must turn bureaucratic intuitions into entrepreneurial institutions, ready to kill off obsolete initiatives, willing to do more with less, eager to absorb new ideas.

Government vs. Governance

- ◆ Our problem today is not too much government or too little government.
- ◆ Our fundamental problem is that we have the wrong kind of government.
- ◆ We do not need more government or less government, we need better government. To be more precise, we need better governance.

Governance

- ◆ **Governance** is the process by which we collectively solve our problems and meet our society's needs.
- ◆ Government is the instrument we use. The instrument is outdated, and the process of reinvention has begun.

Defining The Role of Government

- ◆ Privatization is simply the wrong starting point for a discussion of the role of government. Services can be contracted out or turned over to the private sector. **But governance cannot.**
- ◆ We can privatize discrete steering functions, but not the overall process of governance. If we did, we would have no mechanism by which to make collective decisions, no way to set the rules of the marketplace, no means to enforce rule of behavior.

The Role Of The Public Sector

- ◆ The central purpose of state government is to be the catalyst, which assists communities in strengthening their civic infrastructure. In this way we hope to empower communities to solve their own problems.
- ◆ The public sector tends to be better at policy management, regulations, ensuring equity, ensuring continuity and stability of service, and ensuring social cohesion.

The Ten Principles of Entrepreneurial Public Organizations

- ◆ **Steering Rather Than Rowing (Catalytic Government).** Catalytic governments separate “steering” (policy and regulatory) functions from “rowing” (service-delivery and compliance functions).
- ◆ **Empower communities rather than simply deliver services (Community-Owned Government).** Community-owned governments push control of services out of the bureaucracy, into the community.

The Ten Principles of Entrepreneurial Public Organizations

- ◆ **Injecting competition into Service Delivery rather than monopoly (Competitive Government).** Require service deliverers to compete for their business, based on their performance and price
- ◆ **Transforming Rule-Driven Organizations / driven by their missions, not their rules (Mission Driven Government).** Deregulate internally, eliminating many of their internal rules and radically simplifying their administrative systems, such as budget, personnel, and procurement.

The Ten Principles of Entrepreneurial Public Organizations

- ◆ **Fund Outcomes rather than Inputs (Results - Oriented Government).** Results-oriented governments shift accountability from inputs to outcomes, or results.
- ◆ **Meet the needs of the customers, not the bureaucracy (Customer-Driven Government).** Customer-driven governments treat those they serve – as their customers.

The Ten Principles of Entrepreneurial Public Organizations

- ◆ **Concentrate on Earning, than Spending (Enterprising Government).** Enterprising governments focus their energies not only on spending money, but on earning it.
- ◆ **Prevention rather than Cure (Anticipatory Government).** Anticipatory governments seek to prevent problems rather than delivering services to correct them.

The Ten Principles of Entrepreneurial Public Organizations

- ◆ **Decentralize authority From Hierarchy to Participation and Teamwork (Decentralized Government).** Decentralized governments push authority down through the organization or system, encouraging those who deal directly with customers to make more of their own decisions.
- ◆ **Solve problems by leveraging the market place, rather than simply creating public programs (Market-Driven Government).**

Government Should....

- ◆ Steer, not row
- ◆ Empower communities to solve their own problems rather than simply deliver services
- ◆ Encourage competition rather than monopolies
- ◆ Be driven by missions, rather than rules
- ◆ Be results-oriented by funding outcomes rather than inputs

Government Should....

- ◆ Meet the needs of the customer, not the bureaucracy.
- ◆ Concentrate on earning money rather than spending it.
- ◆ Invest in preventing problems rather than curing crises.
- ◆ Decentralize authority.
- ◆ Solve problems by influencing market forces rather than creating public programs.

Legislative Role of the Committee

- ◆ Legislation establishing the privatization policy board gives the board two responsibilities.
 - **Study and consider privatization issues related to state agencies.**
 - **Make recommendations to state agencies and the legislature regarding the privatization of services.**

More Specific

- ◆ 63-55a-3 Privatization Policy Board – duties.
 - Review whether or not certain services performed by existing state agencies could be privatized to provide the same types and quality of services that would result in cost savings.
 - Review particular requests for privatization of services and issues concerning agency competition with the private sector.
 - Recommend privatization to the agency head when the proposed privatization is demonstrated to provide a more cost efficient and effective manner of providing existing governmental services.

Recommendations

- ◆ The Board should be proactive in studying services currently being provided by state agencies to encourage privatization of services when appropriate, and / or to encourage and reward the integration of Entrepreneurial principles into existing governmental service delivery system.

Recommendations

- ◆ We need to encourage and support state agencies to use their existing resources in new ways to heighten both their efficiency and their effectiveness.
- ◆ We need to regularly invite state agencies to present to the committee what they are doing to provide a more cost efficient and effective manner of providing existing governmental services.

Recommendations

- ◆ We may desire to review and enhance our current legislative charge to provide government services in the most effective manner.