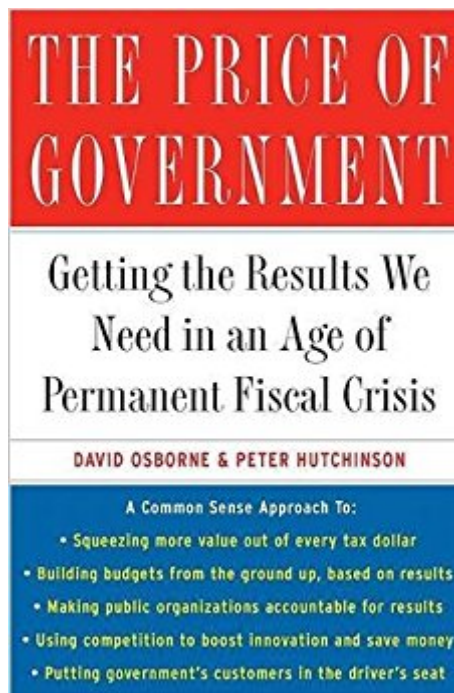




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The Price Of Government: Getting The Results We Need In An Age Of Permanent Fiscal Crisis



Synopsis

Government is broke. The 2004 federal deficit is the highest in U.S. history. The states have suffered three years of record shortfalls. Cities, counties, and school districts are laying off policemen and teachers, closing schools, and cutting services. But the fiscal pain won't go away, and the bankrupt ideologies of left and right offer little guidance. *The Price of Government* presents a radically different approach to budgeting—one that focuses on buying results for citizens rather than cutting or adding to last year's spending programs. It advocates consolidation, competition, customer choice, and a relentless focus on results to save millions while improving public services.

Book Information

Paperback: 384 pages

Publisher: Basic Books (February 20, 2006)

Language: English

ISBN-10: 0465053645

ISBN-13: 978-0465053643

Product Dimensions: 5.2 x 0.8 x 8 inches

Shipping Weight: 13.6 ounces (View shipping rates and policies)

Average Customer Review: 3.8 out of 5 stars 16 customer reviews

Best Sellers Rank: #693,079 in Books (See Top 100 in Books) #57 in *Books > Business & Money > Accounting > Governmental* #232 in *Books > Politics & Social Sciences > Politics & Government > Public Affairs & Policy > Communication Policy* #1263 in *Books > Politics & Social Sciences > Politics & Government > Public Affairs & Policy > Economic Policy*

Customer Reviews

The current budget deficit reflects a permanent fiscal crisis that requires profound changes in the way government functions, according to Osborne and Hutchinson in this follow-up to *Reinventing Government* (1992). A fiscal crisis is looming at a time of rising demand for public school funding, internal security, and health insurance. With the government at a standstill and using accounting gimmicks to avoid making real decisions, the authors offer sound advice: reverse the budget process so it starts with "results we demand and the price we are willing to pay"

"A how-to manual for a local or state government that wants to redesign its budget to emphasize and maximize results."

The Price of Government was written by the same pair of government officials that brought us the original primer— *Reinventing Government: How The Entrepreneurial Spirit Is Transforming The Public Sector*. The authors, David Osborne and Peter Hutchinson, are both long-time state government officials that tried to place their ideas for better governing into books. This one alleges to find ways to make government more accountable and efficient in what the authors called the "age of permanent fiscal crisis." The moniker is commentary on the federal budget deficit that has limited value in the book that principally uses examples from state, municipal and city government, all of which must have balanced budgets every year. This oversight is the first of many in this book and hardly the most blatant. Osborne and Hutchinson traverse now familiar territory in five sections called "Smarter Budgeting," "Smarter Sizing," "Smarter Spending," "Smarter Management" and "Smarter Leadership." Each section has a few chapters focused on the authors' ideas backed up by examples some municipality, state or the federal government used. By now, many of the ideas proposed in the book -- from schools of choice to zero-based budgeting (or putting all your priorities in a list and funding them from the top down, then quitting when you run out of money) have been discussed, dissected and even tried by governments all over the place. As a 27-year state government employee in big human services state departments, I found no idea in this book that hasn't at least once been discussed or tried by government. Many of these ideas have found their way into the daily lexicon of government and have even found useful purpose. In the chapter the promoted schools of choice, the authors generally promote the concept that government should do what people want done -- and do it in ways where people can most easily understand it and even do it themselves, like registering to vote online or buying your license plates online. Their discussion in chapter six of "rightsizing" involves what they call "the right work, the right way with the right stuff." In the next chapter, "Buying service competitively," they go after another of government's foils -- no-bid contracts and contracting with only a couple private companies to do things like clearing snow in the winter from the roads, providing foster care services, or better waste water treatment service. All these ideas sound good until you go to work in government and find out why they don't succeed. The first reason is the most obvious, one the authors failed to address and overcome in their final chapter on politics: government is inherently political, and politics has constituencies, constituencies put pressure on politicians to do things, and politicians must be re-elected every two, four or six years. There is a second reason these ideas fail that is even more acute: government must serve all the people all the time, not just those that vote, provide financial support to politicians, or put pressure on politicians. A third reason is almost as telling: government budgets are always

developed in line items and use last year's budget as the baseline. When the new budget comes out, putting in a new line item or -- gasp! -- eliminating a line item is almost impossible because it has a constituency. Even in the most revolutionary political (the cliché is "sea") change in political leadership, politicians must still maintain commitments to all the old constituencies. This is why Obama's programs to save America from financial ruin ran the deficit up so much -- he still had to support the huge military build-up from the Reagan, Clinton and Bush years, support the two wars the country was already in, support the huge national highway construction and repair programs we were undertaking, and support everything else that was already in place. Every time I saw something I thought new, adventurous or clever in this book, I wondered why the two authors -- both experienced state government officials -- consistently failed to understand these realities about government. The idea that someone can come new to government and totally change the direction of spending and support is preposterous. Every program in government has a constituency and every constituency needs the service. If a Democrat replaces a Republican and gets rid of tax cuts to support his or her new programs, the next time a political change takes place the Republican will reinstitute the tax cuts and reduce some of the programs put into place by the predecessor. This is simply the realities of government at all levels. But the even greater reality is that every service has a constituency, that service is there because the constituency desperately needs it, and getting rid of the service, however easy it may seem or however reasonable that may seem, is almost impossibly difficult. While *The Price of Government* has been read and consumed by just about every government official at every level of government in the United States, and some of its precepts and ideas have been tried out and/or put into place, the relative naivete of the authors makes the book more of a think tank manifesto than genuine guide to more efficiently redesign government. For until such day as government is no longer an elected entity in our nation, its participants -- from elected officials at the highest level to citizen advocates to lobbyists to the most bottom drawer bureaucrat -- will continue to work from the status quo and move outward as citizens support it. Yet, when they step over the line and eliminate something too dogmatically sacred, the citizens will react by voting in the other party and the proverbial pendulum will swing back the other way. These are the realities of governing in the United States.

There was a movement to learn and apply the best, most efficient practices of government and study it in a practical way in the 80s and 90s. David Osborne was among this group. A more analytical public administration in a more statistical sense has taken over in academia and done very little to practically change government. However, the insights Osborne and his compatriots

make still works whenever a new politician, ignorant of the preexisting compilations of best practices, stumbles upon the same idea. Ted Gaebler is another good one, but Osborne is excellent.

This book documents the range of acceptable taxation levels by type of government in relation to local income, and then suggests ways to provide the greatest benefit for taxpayers within those limits. The theory is well explained, as well as the concepts of budgeting by priorities. There is no single path or right way, so there are plenty of examples of different concepts. If you are an elected official, but two copies, one to have on hand and one to loan.

Was perfect giveaway for what we wanted. Good quality and fit the bill. Have ordered them many times. Loved the author.

Great ideas if anyone can find government workers or teachers who know anything or care about ...budgets. Focus on getting workers engaged in the planning process first before introducing even the word BUDGET or PRICE of Government. Also, using the terms PERMANENT and CRISIS in the same sentence does absolutely nothing except cause eyes to glaze over.

The PRICE of GOVERNMENT: Getting the Results We Need in an Age of Permanent Fiscal Crisis
There is no doubt that money needs to be well-spent, especially when discussing money managers such as our state and national government officials. As a "customer" of this government, I'm looking for solutions, yet finding more problems. The Price of Government not only identifies those problems, but offers solutions. The premise remains the same- what are Americans willing to pay for the services that we need? The authors review not only America's history of taxation, but introduce components from other sources. Such sources are countries where governmental systems are more effective than ours, and sometimes also citing an example of ineffectiveness followed by review and suggestion. Overall, this book is a valuable source for those who have an interest as to where their tax dollars are being spent. The authors suggest that all Americans should be more well-informed before they vote. After reading many reviews of this text, I believe the authors may wish to re-visit this idea. America wants results. There is a great deal of practical suggestions about moving toward a practical performance-based system. I believe that we are beginning to see this and use of the internet helps average citizens gain information we would not have had access to a decade ago. What I especially enjoyed about this book was that it wasn't just shock and awe...

we're going downhill heading for doom, etc. The authors state the obvious- that we've spent more than we have and there needs to be accountability for the money customers provide. I refrained from overusing the word taxpayer because the book does address ways to use these concepts in other arenas, making it a valuable tool not only for elected officials, health care and educational employees, but to business as a whole. The introduction jumps right in and offers a "prescription" to help save this sinking ship. In short, the authors compel government to "get a grip" on the problem, figure out how much taxpayers are willing to help with the problem, determine priorities and then allocate funds for those priorities until money is gone. Being in the middle of an educational administration program has exposed me to several similar texts. Often, reorganization is the focus to solve existing problems. These authors drew me in from the get-go, but the following quote sums up their philosophy well! Native Americans have many sayings, and one of the wisest is this: "When you're riding a dead horse, the best strategy is to dismount. You don't change riders. You don't reorganize the herd. You don't put blue-ribbon commission on veterinarians. And you don't spend more money on feed. You get off and find yourself a new horse." (Page 19) To begin identification of the problem they look at demographics- an aging population with longer longevity and decreased population growth. In short, healthcare and social security problems have caused a deficit in the budget on a huge scale. The authors suggest budgeting for outcomes- determine what is really important, and then figure out how much it will cost and then buy it. I liked how they state to "use indicators that make sense to citizens". (Page 72) Often, schools report test scores but do not explain how they are interpreted. The authors suggest planning for outcome goals and including indicators of that success. They identify the difference between budgeting for Outcomes and performance management. The example of the child welfare agency being rewarded or punished based on child abuse cases solidifies the definite difference of the two. (Page 89) In the consolidation chapter, the authors remind us that historically, American government reacts to a crisis through reorganization. Two examples cited are the loss of a child causing the child welfare system reform and Homeland security being developed after September 11th 2001. Reorganization is not always bad, but it is not always what the organization needs either. I like how the book relates well to the educational system. Suggesting that schools be held accountable to achieve these goals set by the system would increase motivation to ensure child success. We are beginning to see this in charter school enrollment rising and some states having the option to voucher tax dollars toward private schools. The concept of "rightsizing" looks at whether or not the service is still needed, how efficiently those working in that area are doing their work and what can be done about it. If the service is still needed but time is wasted, for example completing tedious paperwork or signing time

cards that the supervisor doesn't manage suggests looking at technology to streamline the work to be done. Too often with new elected officials we saw their friends, companies and associates hired under their administration. The result was usually less than optimum effectiveness. Osborne and Hutchinson suggest competition to save the price of government from rising. Competition keeps prices low. To further stimulate effectiveness and efficiency, the authors suggest rewarding those involved. If the contractor winning the bid completes a job early and under budget, then a portion of the surplus goes back to the taxpayers while a portion goes to the workers as well. The authors claim that not only does this reward workers, but it improves morale of the workers and boosts the public faith in their government. I especially liked the suggestion they based from evidence of foreign countries. "Shift public workers into private firms taking over the work... Require that contractors pay comparable wages and benefits..." (Page 161) These are but two examples, showing us that this could work. We could move public jobs into the private sector, without losing the quality of life they had established. "Smarter customer service" is a chapter most of us could benefit from. It brings to light the things we too often do without question. In turn, wasting the company's money and driving costs up for customers. The example of signing time cards of people you don't personally watch was a perfect example. Yet, government needed to respond to a situation years ago in order to save money. Re-evaluate the needs of the organization. The 311 system empowered citizens while holding officials responsible for their departments. The quality must improve to improve the processes. The 311 telephone system brought performance data to a new front while keeping costs low through consolidation. By being more effective, costs are cut for departments, onto governments and maintaining if not lowering the price of government for citizens. They offer insight to many different aspects, focused on the key programs. They also offer practical suggestions and offer ways to deepen what they present, citing very good websites such as [...] and [...] Systems working together will better align the system. The authors suggest in education of current employees for better efficiency as well. The focus should be on the results of the objectives, not solely the money, claiming the authors. They remind us to stay focused on the core objectives, as to not get lost in the activity. They suggest moving power into the hands of the employees, in essence creating "an organization of leaders" (page 322). All in all, this book is not only very useful, but easy to read as well.

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