



CASCADE POLICY INSTITUTE

CASCADE COMMENTARY

January 2003

No. 2003-03

Summary

Public officials across the country are harnessing the power of shopping. In the process they are able to make their budgets stretch farther and improve service delivery.

Word count: 618

“A recent flood of stories...show how fundamental and far reaching the benefits are when government agencies embrace competition and do a little shopping for services.”

Shop ‘til you drop, public officials

By Adrian Moore

Oregon public officials faced with having fewer dollars to spend might want to call my wife. She’s a savvy shopper who loves to hunt for a good deal, which means our family dollar goes further.

The savvy shopper concept is simple, not simplistic. A recent flood of stories across my desk show how fundamental and far reaching the benefits are when government agencies embrace competition and do a little shopping for services.

In our nation’s capital, the Office of Management and Budget broke with tradition and decided to see if private printers could beat the Government Printing Office’s deal for printing the 2004 federal budget. The result: the GPO cut its price 23 percent—\$108,370—and kept the work. That is \$100,000 a year the GPO could have saved us any time it chose, but the GPO never chose to do so until its customer decided to shop.

In Albuquerque, New Mexico, a study showed that the city garage cost \$87.20 to change the oil and lube city vehicles, while private dealerships charge the city only \$36.54 for the same service. City workers argue they should try to improve their operations before the work is sent to private companies. But they were not saying that before their customer went shopping.

Back in Washington, D.C., the U.S. Forest Service announced plans to compare the work currently done by thousands of its workers to bids by the private sector. The National Federation of Federal Employees Forest Service Council objects, saying, “We will lose out. It will not be a real valid comparison. . . . We have no opportunity to [show we can] do better. So, if you have an inefficient organization, which I admit we have, we’re going to lose.” In effect the Federation is saying, “Well, now that you are shopping, we want to change what we offer.”

Back again to our nation’s capital, where the U.S. Post Office is learning about shopping. After September 11th, the USPS was no longer allowed to ship heavy mail on commercial airlines so it switched to FedEx, with the unexpected result of cost savings and significantly higher customer satisfaction (oddly, the USPS couldn’t say how much it is saving, which leads to questions about other aspects

of its operations). Too bad the U.S. Post Office was not really acting like a business and shopping for the best deal before September 11th.

And last, but not least, in Philadelphia, the nation has watched the city's controversial decision to turn over operation of many of its worst performing schools to Edison Schools Inc. It turns out Edison has a benchmark testing program that provides continuous feedback on each student's academic weakness to teachers so they can fine tune their lessons. It took the other public schools in Philly almost no time to realize this is a good idea and began implementing a similar system. Too bad the public schools weren't looking for ways to fine tune their lessons until their customers started to shop around.

As the above examples demonstrate, public officials do not need to appoint Blue Ribbon commissions, issue complex requests for proposals, or hire pricey consultants to reduce costs. Former Indianapolis Mayor Stephen Goldsmith is an advocate of the Yellow Pages Test. "Look at the city's Yellow Pages," Goldsmith advises. "If the phone book lists three companies that provide a certain service, the city probably should not be in that business, at least not exclusively." Replace the word "city" with state, county, and so on; the Yellow Pages Test works for them all.

There is a trend here. When public servants shop smart, the taxpayers benefit. I'd like to see them shopping like it's the post-Christmas sale season all year long.

Adrian Moore is an adjunct scholar with Cascade Policy Institute, a Portland, Oregon think tank, and vice president of research at the Reason Foundation in Los Angeles.

“Public officials do not need to appoint Blue Ribbon commissions, issue complex requests for proposals, or hire pricey consultants to reduce costs.”

Attention editors and producers

Cascade Commentaries are provided for reprint in newspapers and other publications, with credit given to author(s) and Cascade. Contact Cascade to arrange print or broadcast interviews on this commentary topic. Electronic text files are available online at www.cascadepolicy.org/cctext/.

Please contact:

Kurt T. Weber
Vice President
Cascade Policy Institute
813 SW Alder Street, Suite 450
Portland, Oregon 97205

Phone: (503) 242-0900
Fax: (503) 242-3822

www.cascadepolicy.org
kurt@cascadepolicy.org