

Jan / Feb 2012

"Cheers to a new year and another chance for us to get it right."

*Oprah Winfrey
American Entertainer and
Philanthropist*



Are you prepared for the 2012 elections?

The books close January 3rd, so contact the [Supervisor of Elections](#) at 651-7272 to ensure you are eligible to vote in the January 31st election.



Florida Election laws have changed, so be sure your voter registration is up-to-date before you cast your ballot. Don't be left out this presidential election year! Check your voter status or get registered today by checking in at <http://www.bereadytovote.org/>



League's Mission:

The League of Women Voters is a nonpartisan political organization that encourages informed and active participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy.

New Year Greetings from the President

I hope you all had a wonderful holiday, but it's time to get back to work! The Republican Presidential Preference Primary and local municipal elections are less than a month away—where does the time go?

Our Municipal E-voter will go up by mid-January, and the Privatization Study Consensus process will soon begin. The last Voter contained summaries of several studies, and

the rest of this issue is devoted to summarizing the rest. Read the complete studies and the consensus questions on our [website](#).

Also, don't miss our upcoming general meetings on the Affordable Healthcare Act and Human Trafficking. See the calendar on page 2 for details. I look forward to seeing you all in 2012!

Mary Blackwell

Privatization Study Summaries

Privatization: The Public Policy Debate

This study describes the evolution of public policy on privatization, the movement to deregulate private industry and transfer many government services, assets and functions to the private sector.

Privatization **proponents** claim that

- The private sector provides better quality, increased efficiency and more innovation in services;
- Smaller government will reduce costs to the taxpayer; and
- Less regulation means a better business climate and more jobs.

Privatization **opponents** claim that

- The profit motive will endanger public safety and reduce services;
- Costs to consumers will increase;
- Transparency, oversight and accountability will diminish;
- Corruption will increase;
- National Defense could be threatened if key sectors are privatized;
- Chronic high unemployment, low wages and abusive labor practices will result in increased inequality.

Keynesian economists insist the government must stimulate demand to break a depression. Others claim that democratic systems inherently tend toward government growth and excessive budgets; voters, politicians and bureaucrats will promote their own interests at public expense; and private enterprise is more efficient than government.

Regardless, privatization decisions require a close examination of the proper relationship between government, business and civil society, and a pragmatic balance between social and economic returns.

Strategies for Best Practice

This study identifies strategies to enable stakeholder participation and ensure "good government" principles are followed when decisions are being made to privatize government services.

Privatization can be successful for services with competitive markets, clear service delivery goals and performance criteria, and where transactions are not irrevocable, but it also requires a government with established privatization policies, a transparent public review process, active contract management and a "recovery" plan if the contractor fails to perform.

A decision to privatize requires thorough analysis of the pros and cons to determine whether the public is better served by government or the private sector. Throughout the process, best practices demand transparency, open communication with stakeholders, impartial and unbiased analyses, and quantifiable performance measures.

State Level Privatization 2011

State governments have long relied on the private sector, but have more fully embraced privatization since the 1980s. This trend accelerated recently due to the recession, the need for more extreme measures to balance budgets, and because of ideological shifts.

In recent years several states established commissions and/or issued reports on privatization. Some states also defined "inherently governmental" tasks and set parameters on types of activities that could be performed by the private sector. (Cont'd on page 2)

Privatization Study Summaries (cont'd)

(Cont'd from page 1)

The Ohio Society of CPAs proposed a simple test: if multiple vendors of the services or goods appeared in the Yellow Pages, it should be considered for privatization.

Areas of privatization proposed in one or more states in 2011 include charter K-12 schools and universities, Medicaid, lotteries, economic development functions and sale/lease of infrastructure. The common theme in infrastructure transactions is exchanging a long-term revenue stream for a large infusion of funds in one year.

Deregulation of Railroads

The rail freight business was a virtual monopoly in certain parts of the US prior to creation of the Interstate Commerce Commission (ICC) in 1887. Before that, barges offered the only meaningful competition until development of bulk transport by truck in the 1930s.

The ICC required railroads to make rates public as well as "reasonable and just;"¹ prohibited short/long haul fare discrimination; heard complaints; and enforced laws against unfair practices. However, by the 1920s federal regulation had hobbled railroads, forcing them to maintain excess rail capacity and inflexible rate structures. The direct and indirect costs of union labor on top of regulation killed incentive for railroads to invest in new technologies or improve operational efficiency.

Deregulation of the industry after 1980 provided the flexibility to change pricing to respond to the market, abandon unprofitable routes and consolidate operations, which put the rail freight industry back on a secure financial footing.

Competition increased in the wake of deregulation, as a number of smaller, low-cost, non-union railroads took on less profitable tracks. Deregulation also allowed railroads to adopt laborsaving information technologies that reduced the workforce by ~52%; however, rail union membership declined only 9% despite loss of jobs and introduction of non-union companies.

Later economic realities prompted the deregulated rail freight industry to improve customer service and operational efficiency, and to rely heavily on innovation, resulting in higher profitability for rail interests and lower costs for shippers.

¹Interstate Commerce Act, Section 5, 1887.

The Legal Framework of Transparency and Accountability within the Context of Privatization

The law requires government to conduct business openly to ensure accountability. Public transparency laws exist across the nation at state and federal level to maintain free and open access to government proceedings and records.

Privatization raises particular issues in this regard, since transparency laws only apply to public agencies, not private entities. When provision of government services transfers into private hands, what happens to the public's right of access to information about those services?

Judicial and legislative efforts to address those concerns have been evolving over the years to make transparency laws applicable to certain private entities performing government functions, but public access to information in the hands of private contractors is still often frustrated or disputed.

The study concludes that the consequences and importance of privatization warrant special (super) transparency requirements for all privatization proposals to ensure public accountability and safeguard citizens' interests.

Public Library Privatization – A Case Study

With revenues declining, more jurisdictions are considering subcontracting certain library tasks. Library Systems & Services, LLC (LSSI) is one such private company and the subject of this case study.

Over the last 30 years, LSSI has contracted with a number of local libraries across the nation with generally favorable results. Reviews were mixed from the handful of libraries that have terminated contracts with LSSI. One cited LSSI accounts-payable tardiness; others said improved economic stability rendered the contract unnecessary. Several other local governments decided it would be cheaper to bring the work back in house.

Decisions about acquisition, fines, fees and handling cash all require more responsibility and accountability. Other concerns include public pensions and unions, the independence and accountability of local libraries, and the protection of free speech. These issues must be addressed during consideration of any privatization proposals.

2012 Calendar

Privatization Study

Consensus results are due May 1st, so meetings will be scheduled soon. Watch your email and the website calendar for details.

Healthcare Reform: What will it mean?

Jan 21st, Noon-2:00
Find out what's really in the Affordable Care Act and how it will affect you personally. Bring a sack lunch to the Shalimar Town Hall, #2 Cherokee Rd and get the facts.

Presidential Preference Primary and Municipal Elections

Jan 31st: Democracy is not a spectator sport. Watch for our E-Voter and make your voices heard.

LWVF Legislative Summit

Feb 21-23, Tallahassee
Members: Do you want to make a difference in Florida and gain valuable knowledge about our state and the issues affecting it? Call Mary at 621-4088 if you'd like to attend.

Human Trafficking

Feb 25th, Noon-2:00
It's a modern day scourge primarily affecting women and children. Bring a sack lunch to the Shalimar Town Hall, #2 Cherokee Rd, and find out what you can do about it in our County.

Beach Nourishment

March: Is it sustainable in the long run, economically and environmentally? Is it best for our County? Listen to both sides and decide. (Date/time/location TBD)

Status of Children in Okaloosa County

April: It's Child Abuse Prevention Month; come learn how our County is meeting the challenge. (Date/time/location TBD)

Annual Meeting

Apr 28th, 10:00am-1:00pm
(Location TBD)

State of the County Report

May: Local elected officials report and take questions from citizens. (Date/time/location TBD)