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New Jersey Reform Efforts Can Help Virginia

By Michael W. Thompson

8/20/2010 -- As Virginia continues with its Governor-inspired effort to modernize state government through the Commission on Government Reform and Restructuring, it might be helpful for our citizens to know what is happening along these lines in another state close by – New Jersey.

Over less than a three month period, that state's Privatization Task Force published a final report that should provide many ideas for the Government Reform Commission here in Virginia and for local governments throughout our state. New Jersey has a reputation as a "government/union controlled state" and that is certainly being challenged by their current Governor. However, the ideas certainly provide ideas that could be most beneficial in our Commonwealth.

Let me outline what the Privatization Task Force suggested. Of course, some of these need legislative approval and others only need administrative leadership.

The New Jersey Task Force determined that at least \$210 million a year in cost savings and other benefits. Len Gilroy, the Thomas Jefferson Institute's Senior Fellow on Government Reform and an advisor to this Task Force feels that actual savings could be much larger once fully implemented.

Sale of surplus state land was recommended although no dollar value was determined for this effort although tens of millions would likely be realized.

A major recommendation was simply for New Jersey Governor Chris Christie is make privatization a priority of state government and make that policy a central part of his reform effort. This would send an important message and other governments should consider this as well.

One thing all governments need when they pursue privatization, and something this New Jersey Task Force recommended, is to institutionalize strategies and procedures so that the state enters into privatization efforts in a smart way and avoids the mistakes other states have made in the past. To this end a centralized privatization office was recommended where all efforts in this area would reside and be managed in a professional and well-thought-out way. This would be

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similar to what former Governor Jeb Bush did in Florida and helped that state eventually save over \$550 million in more than 130 privatization projects. Any effort to privatize government services or assets needs to follow a set of best practices and processes. Other states have learned from mistakes and successes and those should be understood by governments when they expand the effort to privatize government services and assets.

There were forty (40) recommendations in this New Jersey Privatization Task Force report, some of which have been discussed in the past by the Thomas Jefferson Institute and some that have not. These include:

- **Correctional Services Privatization:** this is not just private prisons, but there are also opportunities of privatize food services, medical services, as well as inmate high school education and GED instruction.
- **Construction and Maintenance of infrastructure:** this includes road construction and maintenance and other areas as well. Virginia has shown savings in maintenance privatization of our 1100 miles of interstate highways but has not tried this on the 50,000 miles or more of primary and secondary roads. The New Jersey Task Force suggests this because it makes sense.
- **State Park Management Agreements:** New Jersey's Task Force suggested that the state follow the lead of the federal park authorities and enter into a long term management agreement with a private recreation company to operate and manage all of its state parks. An interesting idea that the Jefferson Institute recently suggested.

And this New Jersey Task Force suggested another reasonable idea which was to have a state advisory group that would suggest public private partnership projects similar to what California has established with its Public Infrastructure Advisory Commission. This could be part of an expanded set of responsibilities here in Virginia of a re-activated Commonwealth Competition Council.

Here are other areas that the New Jersey Privatization Task Force recommended be considered for competitively bidding with the private sector. In Virginia some of these are local government responsibilities. But they are worth considering by all interested in reforming government: vehicle fleet management and maintenance; highway maintenance; sales of surplus government assets; emergency services on state roads; state parking lots; printing; vehicle titling and registration; higher education facility maintenance; debt collection; and housing code enforcement.

Virginia's Governor is serious about reforming and restructuring state government. His Commission is working on this with the goal of providing initial recommendations for some areas by mid-September and more ideas will be forthcoming by the end of the year. But Governor McDonnell will keep this group together and working this government reform area

over the next three years. This continued effort should allow Virginia to continue to focus on reforming government and saving the taxpayers hundreds of millions of dollars. But keeping the Reform Commission in existence, our Governor is sending an important message. This effort isn't just going to produce a report, hang a certificate on the wall of each Commissioner, and call it a day. This Reform Commission will remain in force and focused on truly reforming our state government. What is happening in New Jersey, as well as in other states, will be a great asset to this effort here in Virginia.

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