



Charter Agencies

Perhaps the biggest reason why public organizations perform poorly at times is red tape: the insufferable rules that hem public managers and their employees in at every turn, forcing them to use inefficient personnel, procurement, budgeting and other practices. Several other countries—led by the United Kingdom and New Zealand—have embraced solutions to this problem that give agency managers greater flexibility in return for higher accountability. Two years ago we convinced a state here in the U.S.—Iowa—to embrace the model. The deal is relatively simple:



An agency volunteers to:

- * be accountable for producing measurable results; and
- * contribute to closing the state's budget gap.

In exchange the agency director gets to:

- * exercise all the authority of the state with respect to personnel management, procurement, IT, and building maintenance;
- * be exempt from across-the-board budget cuts and FTE controls; and
- * negotiate a series of other management flexibilities.

Iowa Governor Tom Vilsack dubbed this experiment “Charter Agencies,” since it’s built on the same principle as charter schools: more flexibility in return for more accountability. So far the six charter agencies have produced impressive results for Iowans, so impressive that last July they won a prestigious Innovations in American Government award from Harvard’s Kennedy School—a public sector “Oscar.”



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The charter agency deal can work anywhere. It's described more fully in an article from *Spectrum: The Journal of State Government*, which you can access here:

http://www.psg.us/resources/pdfcontent/Charter_Agencies.pdf. I hope you'll think seriously about borrowing the idea in your jurisdiction.

As always, I'd love to hear how you are doing and what new ideas are working for you. If you'd prefer to be removed from this mailing list, just send me a note.

All best,

David Osborne