

Memorandum

Date: October 23, 2007

To: Professor Genie Stowers, Ph.D.

From: Krisada Tawee

Subject: Assessment Case Study: ReadyReturn

In an attempt to help ease the burden of filing taxes for its constituents, in February 2005 the California state's Franchise Tax Board (FTB) set out a tentative program called "ReadyReturn" to provide a free service in completing individual income tax returns. With this initiative, the FTB will calculate, prepare and send income-tax returns, based on filing histories, for selected taxpayers through mails. The participants could accept the returns or make certain modifications and then file them to the FTB either on paper or through its Website. However, this well-intended project was strongly criticized by people and organizations involved about whether it is a proper decision of government in providing such a service as well as its cost-benefits (Peterson, 2007). This case calls for the utmost discretion as to what and how to resolve the controversy. Provided below are issues relevant to the topic and its recommendations.

Efficiency versus Responsiveness. One of the classic dilemmas for public or not-for-profit managers is to compromise efficiency and responsiveness (Kettl, 2002; Wilson, 1887). There is frequently an inevitable tension between those two concepts that while accomplishing projected results with the least cost—Efficiency, public or not-for-profit managers also have to be attentive to the desires and demands of the public or donors—Responsiveness (Denhardt, 2006; McCamy, 1954). Given the fact that the FTB proposed "ReadyReturn" with the reason to provide a comprehensive tax service to its constituents, on the efficiency's side the agency had already thought about the cost-benefit of implementing the initiative, but on the responsiveness's there were some actors disagree with such an idea. Even though the FTB already focused on public desires that the community would obtain more benefits as a whole, still there was controversy over the appropriateness of the program (Wilson, 1887, p. 207-208).

Public Goods. Simply, they are defined by the characteristics of "nonrivalry and nonexclusivity of consumption" (Steinemann, et al, 2005). Because of those two characteristics that cannot prevent people from using public goods, private sectors tend to neglect to provide such goods and services. So, it is up to government to step in by taking an action to improve the situation (Finkler, 2005). From the case, the agency

aimed to provide free tax assistance to taxpayers, considered as a public good. The state government, then, initiated a new service for the community as a whole, which affected the benefits of current tax preparers. As a result, there were many heated arguments protesting that it is not government's duty to intervene in the free market system (Steinemann, et al, 2005, p. 4; Wilson, 1887, p. 197, 206-207, 210-213).

Interest Groups. "ReadyReturn" is to provide a better service to the public. In so doing, the FTP had to understand the political standpoints of major actors involved that they tried to protect their interest. Significantly, this issue is about people's benefits, and it usually causes failure of many governmental projects. Even though the initiative could save time and money, it also gave a negative impact on benefits of some actors. Keeping in mind that it would affect interest groups, the FTP had to pay careful attention in making such a decision (Theodoulou and Kofinis, 2004). From this case, there was a coalition among the California Legislature, manufacturers of tax preparation software and tax payer groups refusing to accept such an initiative and wielding its power through the media to oppose the program (Wilson, 1887, p. 207-209).

There were two opposite sides of stakeholders. Many players including the FTB, the California's state controller, political consultants, some elected officials and citizens supported the initiative by citing many reasons and statistics to prove its necessity while interest groups such as private-sector tax preparation firms and tax software companies, another elected officials, the media and some tax payers put a great effort to stop this idea. A coalition among opponents wielded its power through the media, and expert knowledge, refuting whatever evidence proponents presented.

Recommendations

In order to best execute the initiative, a task force comprised of partners from each group involved should be set up to follow the steps below.

Defining the term "Public Goods." In making a decision of implementing a public program, government should have the scope of what government should do (Steinemann, et al, 2005, p. 4). There already was a controversy about whether it is appropriate to intervene in the tax preparation service. Also the companies complained that the government has a number of advantages from its own authority. Therefore, the task force

should make clear to every player that the initiative is indeed a public service, and it is what the community actually wants. The task force can apply survey and focus group research to gather information from the community about its opinion toward the program (O' Sullivan, et al, 2003, p. 207).

Bargaining and Negotiation. To reach an agreement, bargaining and negotiation are important tools (Bolman and Deal, 2003). In this case, there were no such things happening between the government and the companies. Given the fact that the new program costs much money and also creates negative impacts on business sectors, there should have meetings between the government and the organizations involved to find a better way in dealing with the initiative. The task force might offer any private organization to help implement this program at low cost or look for a new idea from them to make the best compromise (Wilson, 1887, p. 208).

Cost-Benefit Analysis. It is a method of comparing the costs and benefits of a project over time, which government relies heavily on as for providing public goods (Steinemann, et al, 2005, p. 321). In this case, the task force should conduct a cost-benefit analysis to help make a better decision. It should include every aspect of positive and negative effects of doing the project. As a result, the task force can better see how to run it smoothly.

Mobilize public opinions. It is an attempt to influence involving players in order to achieve the aimed legislative result (Theodoulou and Kofinis, 2004, p. 161). In this case, the task force should provide more information about the initiative to people and conduct a campaign to get supports. There also should have a poll to assess public opinions (Wilson, 1887, p. 213-214).

As I have shown, I present three main issues relevant to the topic. "ReadyReturn" is an incident reflecting the conflicts between efficiency and responsiveness, public goods and private goods, and the government agency and interest groups. To resolve aforementioned problems, creating a new taskforce is an idea to gain more public trust. With the cooperation among its members to make clear of the program's objective, to find a new direction, and to mobilize public opinions, the initiative is very likely to achieve success.

References

- Bolman, L., Deal, T. (2003). *Reframing organizations: Artistry, choice, and leadership, third edition*. San Francisco: Jossey-Bass.
- Denhardt, B. R, & Denhardt, V. J (2006). *Public administration: An action orientation, fifth edition*. Belmont: Thomson Wadsworth.
- Finkler, S.A. (2004). *Financial management for public, health, and not-for-profit organizations*. Upper Saddle River: Pearson Prentice Hall.
- Kettl, F. D. (2002). *The transformation of governance: public administration for twenty-first century*. Baltimore: The John Hopkins University Press.
- McCamy, L. J. (1954). Responsiveness versus efficiency in public service. *Annals of the American Academy of Political and Social Science*, 292, 30-38.
- O' Sullivan, E., Rassel, R. G., & Berner, M. (2003). *Research methods for public administrators, fourth edition*: Addison Wesley Longman.
- Peterson, S. (2007). *Ready. set. showdown*. Retrieved August 8, 2007, from http://www.govtech.com/gt/print_article.php?id=118262.
- Starling, G. (2005). *Managing the public sector, seventh edition*. Belmont: Thomson Wadsworth.
- Steinemann, C. A., Apgar, C. W., & Brown, J. H. (2005). *Microeconomics for public decisions*. Ohio: Thomson South-Western.
- Theodoulou, S.Z., Kofinis, C. (2004). *The art of the game: Understanding American public policy making*. Belmont: Wadsworth/Thomas.
- Wilson, W. (1887). The study of administration. *Political Science Quarterly*, 2, 197-222.