



STATE ENGINEERING ASSOCIATION

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Dear Editor:

State Engineers Support Contracting Reform

As taxpayers, state employees and members of the State Engineering Association, we are urging legislators to approve a bill to improve the cost effectiveness of work done by the State of Wisconsin. This contracting reform bill has the ability to restore public confidence in a process that seems to have more to do with politics than saving money.

We support Assembly Bill AB-105 because it requires that cost be considered when the decision is made to contract for services, such as engineering services. This bill requires state agencies to do a "uniform and complete cost analysis" before work is contracted out. In a time of tight budgets, the state can no longer afford to assume the private sector is always cheaper.

The impetus behind this commonsense measure was several DOT economic analyses that demonstrated that outsourcing engineering services costs the taxpayers more than it would have cost if state employees had performed the work. The most recent report confirmed that taxpayers pay more than 18 percent more when engineering work is contracted out. It revealed that the state has been fleeced for more than \$27.6 million for DOT engineering contracts alone.

Nevertheless, DOT has steadily expanded costly outsourcing of engineering services and has cut the number of state employees that perform this work. Furthermore, consultants continue to replace the state employees that leave for better paying jobs. Thus, the state loses the capacity to engineer and design projects, oversee consultants' work and protect the public's interest in safety and quality.

Not a Panacea

This bill will not solve the state's deficit. However, it is one small step that is necessary to achieve a cost effective state government.

One of the critical problems with the legislation is that it doesn't get to the root of the problem. Work that DOT contracts out (the original reason for the bill) will have to comply with yet-to-be-written cost analysis rules, but DOT will be exempt from annual reporting to the legislature and the public on contracting. Thus DOT's contracting practices would remain hidden from public scrutiny.

Another problem with the bill is an exemption for contracts that cost less than \$25,000 from the requirements for a cost benefit analysis. This exemption would allow state agencies to break larger contracts up into smaller contracts to evade requirements that are intended to improve cost effectiveness.

Why State Employee Support?

You may wonder why state employees would support cost analyses that may put us out of a job if contracting out proves to be cheaper. We are willing to accept that possibility, for the good of taxpayers of this state. Cost effective government is good government.

We also know that we are more cost effective. DOT found that state engineers were more than 18 percent more cost effective. Since then, consultants have received raises (paid by the state through contracts) of 3-5 percent per year, but we have not received a raise in over two years. We are confident that we are now more than 25 percent more cost effective.

SEA members are unique taxpayers. We have observed and reported an increase in wasteful contracting, while being asked to shoulder the burden of the state's budget problems. We endure the constant threat of layoff while the state refuses to bargain in good faith. The intent of this bill is to increase cost effectiveness. It's a good first step. We wholeheartedly support it.

Sincerely,

Mark Klipstein, President
State Engineering Association