



# STATE ENGINEERING ASSOCIATION

4510 REGENT STREET  
MADISON, WISCONSIN 53705 (608) 233-4696

---

November 16, 2004

FOR IMMEDIATE RELEASE

For More Information Contact: Mark Klipstein at (414) 750-1496 or SEA at (608) 233-4696

## **State Employees 18% More Cost Effective**

MADISON – In a report obtained by the State Engineering Association (SEA), Department of Transportation (DOT) officials determined that contracting out engineering work is much more expensive than having existing state employees do the work. The data shows taxpayers pay 18 percent more when engineering work is contracted out. Taxpayers have been fleeced for more than \$27.6 million for DOT engineering contracts.

State officials initially refused to release a cost comparison report that shows contracting out is much more expensive. “The state doesn’t seem to want to acknowledge that its employees are more cost effective than consultants. Instead, the state continues to shift work away from state employees to higher cost engineering consultants,” said SEA President Mark Klipstein. “In a time of tight budgets, the taxpayer cannot afford to have the state continue the wasteful practice of contracting out engineering work. If the state is allowed to continue to expand contracting, more taxpayer dollars will be wasted.”

DOT’s reorganization plan calls for 365 people to be laid off. “As contracting out continues to increase and more state employees are laid off, we are losing our capacity not only to engineer and design projects, but also to oversee consultants’ work and protect the public’s interest in safety and quality,” added Klipstein. “Consultants and local officials are concerned that the process for approval will be delayed as fewer employees are available for project review.”

-more-

FOR WISCONSIN STATE EMPLOYEES ENGAGED IN THE PROFESSION OF ENGINEERING

State Employees 18% More Cost Effective (cont.)  
Released November 16, 2004

DOT was tasked to prepare the cost analysis to determine if engineering consultants are more or less expensive than state employees for engineering services. Analysts used accounting methods required by the federal government. The analysis is very thorough and is based on a substantial number of projects, reflecting the total cost to taxpayers. It clearly demonstrates that the taxpayer is better served by cutting back on contracting out for engineering. The report was released due to pressure from state legislators.

“These results are encouraging, but not unexpected. This study will clear up the misconception that private companies are always more efficient than government agencies,” Klipstein said. “That is why we pursued every option to get the full report made public.”

A contradictory report released by the Department of Administration (DOA) is based on only a tiny portion of DOT project costs. It also improperly shifts significant costs from consultant-led projects to projects that are performed by state employees. “DOT stands behind its report. Many wonder if the serious flaws in the DOA analysis are being used to support Governor Doyle’s plan to cut 10,000 state employees, without regard to the cost to taxpayers,” Klipstein said. “The administration has made it clear that state employees will continue to be laid off and their work will be contracted out, regardless of cost or public safety concerns.”

State studies conducted since 1985 consistently show that contracting engineering work costs taxpayers more. “Ironically,” Klipstein points out, “the state has expanded contracting engineering work since the mid-1980s and laid off qualified engineers.”

SEA is a bargaining unit of more than 1,000 engineers and engineering-related professionals in a dozen state agencies. We are a group of people dedicated to ensuring the quality and safety of life of every Wisconsin resident.

-30-

Check the SEA website, [http://www.wisea.org/outsourcing\\_article\\_links.htm](http://www.wisea.org/outsourcing_article_links.htm) for links to recent newspaper articles on outsourcing.