

## Facts on Outsourcing of Contracts

- MN state agencies spent over \$850 million on outsourced professional and technical services during the 2008-09 biennium. Cutting this outsourcing in half would thus cut \$425 million out of the biennial budget.
- A 2009 report by the Legislative Audit Board in Wisconsin, on the state's use of contractors for highway engineering and construction projects, found that:

In fiscal year 2007-08, on 125 of the 214 internal DOT cost-benefit analyses reports that were used to consider whether to outsource work to contractors, Wisconsin DOT indicated their staff could complete the work at a lower cost than consultants could, but they hired outside anyway.<sup>1</sup>

- The Milwaukee Journal Sentinel reported on May 13, 2009. "The state Department of Transportation outsourced 125 construction engineering projects over 16 months even though it determined each one of them could have been done for less using state workers, an audit released Tuesday said."<sup>2</sup>

- Also of concern in the Wisconsin Report:

There were questions raised about whether contractors perform safety checks as frequently as they should, "documentation for 11 of the 20 projects indicated that contractors measured the concrete pavement's thickness less frequently than contractually required. State staff served as the lead construction engineer on 7 of the 11 projects, while consultants served in that role on the remaining 4. It is possible the measurements were actually taken but not documented, but we cannot independently confirm this."

- Reports produced by the Minnesota Office of the Legislative Auditor in both 1992 and 2003 found some significant problems with the administration of state outsourcing (lack of oversight, contract work starting before contracts signed and money encumbered),
- Still, neither of those two OLA reports took a Wisconsin-style look at if, and to what extent, the taxpayers of Minnesota are spending more on private contracts than it would cost to have the same work done by state employees.

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<sup>1</sup> [www.legis.state.wi.us/LAB/.../09-dotconstructionengineering\\_ltr.pdf](http://www.legis.state.wi.us/LAB/.../09-dotconstructionengineering_ltr.pdf)

<sup>2</sup> <http://www.jsonline.com/news/statepolitics/44807682.html>