Outsourcing's Hidden Costs Deserve Closer Inspection

I read "Outsourcing and Privatizing Information Technology - Re-examining the Savings," January 1999, with particular interest. As a former Marine Corps comptroller now heavily involved in information technology (IT), I have seen this issue from both sides. Although there is real pain in forcibly pushing our high-technology public servants from public to private industry, the real issue is finding the best value (in the long run) for the taxpayer. If outsourcing can lower costs, it is worth examining.

Michael Brower's article contains contradictory points. If government cannot compete with the high-wage private sector for workers, how does outsourcing to that sector save money? Yet, Mr. Brower argues that government workers have to worry about low-cost civilian jobs.uxtaposing the two arguments, it is clear that one is wrong. You cannot have it both ways.

Still, I agree with Mr. Brower's main point. Office of Management and Budget Circular A-76-style outsourcing tends toward failure in IT. An A-76 study should determine whether maintaining government IT resources is more costly than maintaining effective management and control of contracted resources. Traditional A-76 clearly quantifies the former. The latter is usually severely underestimated. So, even high-performance, high-quality government organizations risk being dismantled.

The government then finds that it must hire another set of contractors to supervise the first set because too much in-house expertise is gone. Sometimes, even a third set of contractors is hired to manage the second set. Such recursively determined additional cost is seldom budgeted. A-76 "savings" disappear and so does effective mission performance. (These opinions are mine and should not be attributed to my employer or to any government agency.)

Gary A. Ham
Woodbridge, Va.