

GovGuam should look into outsourcing

By John M. Robertson • January 12, 2010

Government bodies facing budget shortfalls are beginning to embrace outsourcing ... primarily because it is the last option left to cost-cutting mandates.

Outsourcing brings many benefits that most governmental entities require -- updated technology, hard-to-come-by expertise and flexibility that is not possible in a bureaucracy. With good private-sector partners, government can improve services, meet increased demand and cut costs. In spite of the controversy associated with government outsourcing, it is a growing trend and it is likely to gain speed in the coming year.

This message is not written for Guam although it could be. It's from Strategic Partnerships Inc. of Texas.

Marketing and research experts predict that state and local government outsourcing could reach \$22 billion by 2011. It's not unusual to see local governments contracting with private-sector firms to provide everything from payroll services to privately-operated jails. Outsourcing is more prevalent at the state level, but local government entities such as public schools, cities and counties are beginning to explore the benefits with significant interest. Some examples:

- Partial privatization of public works services -- for operation of water and sewer departments, street maintenance and parks.
- Outsourcing of printing needs in one city resulted in approximate \$400,000 annual savings. Now city printing is handled by two local contractors.
- Use of a private sector partner to help build a new convention center and hotel in another city. The plan is to share the expense and the use of the facility and experts believe the result will be a \$6 million infusion into the local economy during its first year of operation.
- Using a private-sector firm to handle accounting functions. Private-sector firms specializing in financial services have access to the latest software and have trained staff able to use the systems expertly. Smaller cities find that contracting for financial services is much less costly than purchasing software, hiring and training employees and overseeing the overall process. Likewise, many public schools, colleges and universities are turning to professional firms to handle their financial services.

Watch for more of the same throughout the country over the next few years. Guam can benefit from lessons learned elsewhere. The military buildup will provide Guam with greater tax revenue. These funds should be used for investment in Guam's future, however, and not larger government.

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