

Unintended consequences come with outsourcing government jobs, services

By Motoko Rich, New York Times

GRAND RAPIDS, Mich. – Like many states and local governments struggling to cut costs, Michigan hopes to replace some government employees with contract workers who will do the same job for less.

Ginny Townsend, 41, took a job in January as a nursing assistant in the state-run home for veterans here. Technically, she works for a private company that supplies some employees to the veterans home under a state contract. She makes \$10 an hour, about half the wage of the public employees working at the facility.

“I love my job, and I appreciate the opportunity to be here,” Ms. Townsend, a former home health care aide, said on a recent afternoon as she cheerfully delivered fruit and a newspaper to an 85-year-old resident in a sun-drenched solarium.

With the national unemployment rate at roughly 9 percent, Ms. Townsend says she feels lucky just to have a job. But on her low wages, she is barely scraping by. She said she was raising four grandchildren under 11 with her unemployed sister and could not support them without the \$300 in food stamps she collects every month.

Now, the state wants to dismiss 170 nursing assistants on the public payroll at the veterans home and replace them with more contract workers like Ms. Townsend, prompting a legal dispute and much personal anguish.

The legal battle highlights the potential pitfalls in such

decisions. Outsourcing, usually intended to ease strained public budgets, tends to most directly affect people like Ms. Townsend and her co-workers. But there can be other drawbacks. The quality of services provided by contract workers, for example, may not be as consistent as that of experienced government employees. And taxpayers can end up paying for the cuts in more indirect ways.

What governments save in salaries and benefits often “ends up on the government books through all sorts of programs,” said Paul C. Light, a professor at the Wagner School of Public Service at New York University, referring to unemployment insurance, Medicaid and other public assistance for workers earning low incomes.

Outsourcing becomes more popular during tough economic times as states and municipalities transfer the operations of facilities like prisons, school cafeterias and sanitation departments to private contractors. Governors or legislatures in Arizona, Louisiana, New Jersey and Pennsylvania have all proposed reviews of state agencies in search of opportunities to privatize operations.

Many local governments like Anaheim, Calif., and Luzerne County, Pa., have contracted out services including park maintenance, graffiti removal and tax claims. Mayor Rahm Emanuel of Chicago recently outsourced recycling collection in parts of the city.

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