



How Outsourcing Keeps America on Top

By Stanton Sloane

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On the increasingly chaotic stage of national politics, the government contractor is becoming an easy target for crowd-pleasing cost-reduction initiatives. The critical work accomplished by this segment of U.S. industry is being portrayed as unnecessary spending — or worse.

The truth is government contractors are indispensable and always have been. They are the marketplace of innovative ideas that, in partnership with government, has powered our nation ahead of all others.

Outsourcing means enlisting experts from the private sector to perform work the government can't do fast enough, lacks the resources to do properly or simply cannot do at all.

Clearing away layers of misleading rhetoric reveals outsourcing's prized dividend for taxpayers: lower costs and increased government productivity. That means more efficiency and a better value for all citizens concerned about the government's bottom line. Unfortunately, those facts are being buried beneath fictions as our federal agencies attempt to comply with guidelines that are not always clear and therefore subject to misinterpretation.

Without the Massachusetts Institute of Technology scientists who worked alongside military officials, we would not have ARPAnet and its progeny, the Internet. Without innovative Lockheed Martin engineers, we would not have stealth technology. Without Ivan Getting and the Aerospace Corp., we'd be without the Global Positioning System.

Contractors are keeping unmanned aerial patrol vehicles airborne in Afghanistan and providing translation services for our troops. Contractor Jeff Hart, who had been drilling water wells for the U.S. Army in Afghanistan, was hired by the Chilean government to drill the shaft that facilitated the rescue of 33 miners who had been trapped underground for 69 days.

The federal government hasn't seen the savings it hoped for from insourcing. For one, it often costs taxpayers more for the government to hire a permanent employee than to choose a contractor that can solve the problem in less time for a fraction of the price. A major factor in those costs is employee benefits. As USA Today reported last year, a full-time government worker receives benefits worth nearly \$28,000 annually compared to a private-sector employee who receives slightly more than \$16,000 a year in benefits.

Total compensation costs at all levels of government routinely outpace comparable figures in the private sector. Data from the U.S. Bureau of Economic Analysis has shown that pay rates in state and local government are increasing much faster than those in the private sector.

In 2006, for the first time in generations, the California Department of Personnel Administration conducted a government vs. private compensation analysis and found that public-sector pay rates are

far higher in many areas, including for clerical, electrical, accounting and analysis work. What's more, figures show that a government "retiree eligible for the full employer health contribution in retirement secures an additional \$494,000 in compensation over 20 years," according to the Total Compensation Survey.

The answer is neither eliminating government's industry partners nor relying entirely on the private sector. Finding the right balance is the key.

Because job security in the private sector is more closely linked to performance, contractors are fearsomely efficient. But their contribution goes far beyond price. Contractor employees offer new perspectives on seemingly intractable problems. They have often worked in government and private industry and therefore bring a wealth of experience. Contractors can provide wise and practiced assistance from the experts who developed technology that is critical to government functions. Contractors are the key to our nation's history of successfully competing through innovation.

A blind swing at our contractors might satisfy the politics of some, but it will damage those on whom we've long depended for our status as the world's pre-eminent power.

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