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Embracing Competition as a Policy Tool

By Geoffrey F. Segal

Governor Bush has taken a lot of flak for his strong support of making government compete with the private sector. During his tenure, more than 120 projects ranging from prison food service to maintenance in state parks have been initiated, saving the state millions of dollars while simultaneously improving services.

Yet what often gets lost in the ongoing debate about “outsourcing” is the fact that competition has enjoyed bi-partisan support in each of the last three administrations.

Moreover, the success of Florida’s projects has garnered national attention. Indeed, managers around the country turn to Florida for ideas and examples in their home states. They perceive Florida as an example of how to conduct competitions. Furthermore, Florida consistently ranks at the top in management surveys and reports.

Over the last few months, however, the administration has faced increasing criticism for its management policy. Truth be told, not every initiative has gone perfectly. Indeed, some high profile project has been criticized justifiably for poor performance. There are legitimate concerns with how the contracts were handled. However, partisan critics have gone much further, unfairly putting a black mark on all initiatives in Florida.

The problems need not be fatal to the policy at large. Clearly there is much to be learned and room for improvement with Florida’s competitive sourcing initiative. To ensure success, any future initiative will have to apply previous experience and lessons learned to better the process and fully tackle any challenges they may face.

Unfortunately, the excellent results of most public-private competitions go unnoticed and unreported — because they work. For example, Florida’s vast highway system is largely the result of public-private competitions. In an overwhelming majority of cases, contractors were selected to plan, design, construct, and maintain Florida’s highways. More than \$84 million has been saved throughout the life of these kinds of contracts on highway maintenance alone.

Recognizing the problems and pitfalls, Governor Bush set out to create a stronger process for competitive sourcing. That led to the creation of the Center for Efficient Government, the nation’s most transparent, results-oriented, and accountable public-private competition. The Center, in turn, devised the GATE Management process to review an initiative at critical stages. The review is conducted independently of the project team, and a project will move ahead only if it can demonstrate benefits and/or savings.

While the recent focus has been on improving the contracting process, we must not lose sight of competitive sourcing's overall importance and value. Other states are already looking to capitalize on the efforts going on in Florida. Several other states, including South Carolina and Indiana, have reviewed Florida's experiences and are in the process of implementing their own versions for their own competitive sourcing initiatives.

Competitive sourcing likely to continue growing because of the human capital challenges that governments now face. In many situations, it gives managers the flexibility they need to deal with burgeoning needs. For instance, a recent study by the National Association of State Personnel Executives found that some states' governments could lose more than 30 percent of their workforce by 2006 because of baby-boomers' retirements and other factors.

Outsourcing more positions will help agencies tackle this problem by providing them with maximum flexibility in getting the job done effectively and efficiently. In turn, agencies will become more focused on their core missions while using the best mix of in-house assets and outside contractors.

This lets agencies focus more on service planning rather than actually participating in service delivery. Furthermore, agencies gain valuable access to expertise and a tremendous amount of flexibility in performing their missions. Thinking strategically allows an agency to have the right people in the right place at the right time.

Political partisanship should not blind us to management realities and experience. Most Floridians want their tax dollars spent in the most effective and efficient manner possible. If there is something to

learn, it's that competition works to promote efficiency and restrain costs.

It has worked in Florida. Despite the bumps along the way, Florida's experience remains among the best in the country. Oversight is critical, and the new GATE process should help Florida avoid the pitfalls it previously experienced.

If there is a moral to this story, it's this: Florida ought to embrace competition and its awesome powers to reform how government operates.

Geoffrey F. Segal is an adjunct scholar at the James Madison Institute and the director of government reform policy at Reason Foundation.

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CONTACT: Matt Warner (850) 383-4633 matt@jamesmadison.org