

## **Exercise #5**

### **Contracting Out**

The new majority on City Council is led by a man who wants to run the City “more like a business.” He says he bets 30% of the city jobs could be done more efficiently by the private sector. The Council demands that the City Manager set targets for outsourcing: 10% by the end of next year, and 10% in each of the two years following.

The City Manager, who thinks this is unwise, is roughly 60 years old and has two kids in college. He doesn't want to be thrown back on the job market at this late date. So he has no real choice but to comply. He decides that every city department except Police and Fire will have to outsource at least 10%, if not more, of their positions.

**Instructions:** Evaluate contracting out the service your group has been assigned:

1. What is the current cost of the service and how many positions currently do the work?
  
2. If you contracted out, what would be the direct costs of the service [the personnel, supplies, supervision, etc.]?
  
3. If you contracted out, what would be the indirect costs [to employee morale or other items hard to quantify]?
  
4. If you contracted out, what would be the social costs [equity, public participation, accountability]?