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THE USE OF AGENCY FORCES VERSUS CONTRACTING OUT: LEARNING THE LIMITATIONS OF PRIVATIZATION

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ABSTRACT

This study examines regional variations in the use of agency forces and private contractors for road maintenance and construction by Oregon counties in the early 1990s. Roadway expenditures are an important topic of investigation given that they typically rank second or third on state and local government budgets after education and welfare and there are important regional considerations--e.g., rural-vs-urban--that the literature typically ignores in the area of privatization.

Utilizing data collected from a statewide survey of county public works officials in 1991, this study examines the regional distribution of agency versus contracted road service and reports some of the problems encountered by agencies when contracting out in the Oregon context. Findings suggest that, while it makes economic sense for many local governments to use private contractors for their public works projects--especially in a competitive marketplace such as exists in larger urban areas--more isolated and rural jurisdictions may find that agency forces are a more appropriate method of service delivery.

INTRODUCTION

While government is responsible for providing a wide range of public goods such as roads, Osborne and Gaebler (1882:87) argue that the most efficient method of procuring such projects may be

through "...injecting competition into public services." Public choice theorists such as Ostrom (1974) and Niskanen (1971) also have long advocated the use of market forces to promote the efficient allocation of public works projects. Other scholars, however, have suggested that government can produce such projects more efficiently in most situations and is the appropriate provider of such services in democratic societies (Goodsell, 1985, 1992; Vocino, 1993). They further argue that the benefits of privatization for government efficiency have been grossly overstated (Greene, 1994).

The main purpose of this study is to examine regional variations in the use of agency forces and private contractors for road maintenance and construction by Oregon counties in the early 1990s. Roadway expenditures are an important topic of investigation given that they typically rank second or third on state and local government budgets after education and welfare (Congleton and Bennett, 1995) and there are important regional considerations--*e.g.*, rural-vs-urban--that the literature typically ignores in the area of privatization. Utilizing data collected from a statewide survey of county public works officials in 1991, this study first examines the regional distribution of agency versus contracted road services; investigates opinions of Oregon agency personnel of retaining agency capacities; and finally reports some of the problems encountered by agencies when contracting out.

AGENCY FORCES VERSUS CONTRACTING OUT

An enormous amount of literature has developed over the last two decades comparing the use of private contractors with the employment of public sector provision of services in public works projects (McGuire, Ohsfeldt, and Van Cott, 1987; Lovrich and Neiman, 1984). Much of the literature on privatization, particularly public choice and conservative perspectives, assumes that "... private firms are more efficient by market standards because the rewards and costs of operation reside with the owners of resources involved in production to a greater degree than in the case of public firms" (McGuire, Ohsfeldt, and Van Cott, 1987:212). The benefits of contracting out, according to this perspective, include higher quality services, more efficient service delivery, and cost savings due to competition in the marketplace (Clark, Heilman, and Johnson, 1995/96).

But other observers have questioned the benefits of privatization.

They argue that it does not necessarily insure efficiency (Greene, 1994) and does not completely absolve government's involvement in projects. Government must still be involved in contract monitoring and oversight to control for cost overruns, guard against contractor fraud, and insure project quality (Prager, 1994; Rehfuss, 1990). In addition, many studies have found--contrary to the public choice perspective--that large scale public enterprises are frequently associated with quite positive public perceptions of service quality (Lovrich and Neiman, 1984:54).

When looking specifically at public works projects such as roads, road systems are typically one of the most important responsibilities of local government. This governmental function insures that concerns about safety, access, and cost will be dealt with in an appropriate public forum. This does not mean, however, that government employees have to build and maintain all roads. Government agencies may provide maintenance and construction of roads or they can contract such functions out to the private sector as cost, scale of operation, and other considerations of cost/benefit calculations dictate. As Dilger, Moffett, and Struyk (1997) have documented, there are a myriad of privatization arrangements that local governments can utilize.

THE OREGON CONTEXT

Most states have rules and regulations that guide governmental agencies' choices on the allocation of public works projects. In Oregon, state statute requires governmental agencies to prepare detailed estimates of "agency force" and "contracting out" costs for public improvement projects over \$50,000 which are being proposed to be performed by agency forces. Specifically, the main provision that governs public works projects is (ORS 279.023):

It is the policy of the State of Oregon that public agencies shall make every effort to construct public improvements at the least cost to the public agency.

While some Oregon local governments have always relied on the private sector to provide certain public services--such as solid waste collection and hospitals--this policy, implemented in 1969, encouraged additional use of private contractors by all local governments (Tollenaar, 1992). Under this statute, project estimates must be

completed at least 30 days prior to adopting the annual county budget, at which point the state accepts the lowest bid for the proposed project. In order to track costs carefully to the state, local government agencies must also maintain an accounting of detailed actual costs for agency force projects.

While the state statute mandates a "least cost" approach to public works projects such as road construction and maintenance and repair projects, there are major socioeconomic and geographical differences between Oregon's counties which may affect the number, type, and size of private contractors used by local governments. A study by Smith and Steel (1995) identified various socioeconomic and political regions in the state based upon such characteristics as urbanization, geography, and dominant economic sector. The state was then classified into seven major regions based on these several considerations.

Table 1 provides some insight into the seven major regions of Oregon. Most of Oregon's populations resides in metropolitan Portland and the Willamette Valley to the south of Portland. The remaining regions of Oregon have far fewer people and are either desert (eastern Oregon), mountainous (central and southern Oregon), or forested and wet (western coastal Oregon). The Portland metropolitan area and counties in the Willamette Valley (mid- and southern-valley) have the highest population densities, are geographically smaller, and have the highest median family incomes in the state.

Other regions of the state have much smaller population densities and lower median incomes. In fact, most of Oregon is relatively unpopulated, rural, and contains an enormous amount of undeveloped land. The authors believe that these vast socioeconomic and geographical differences will impact the use of private contractors versus agency forces in the construction and maintenance of county roads projects. Regions such as the Portland Metropolitan area have well developed economies with many contractors who are willing to compete for public works projects. In contrast, the more rural and less densely populated areas have smaller markets and therefore fewer contractors available to compete for public works projects.

The authors also expect that urban areas--because of economies of scale, greater wealth, and greater access to technology, etc.--have contractors with a greater ability to conduct large-scale and technologically sophisticated projects when compared to rural and more isolated projects. Consequently, most of the forthcoming analyses

TABLE 1
OREGON COUNTIES AND REGIONS IN STUDY

REGION [Counties]:	Total Sq. Miles	Population Per Sq. Mile	Median Family Income
Coastal [Coos, Clatsop, Columbia, Curry, Lincoln, Tillamook]	7,694	36	\$28,669
Portland Metro [Clackamas, Multnomah, Washington]	3,027	669	\$38,336
Mid-Willamette Valley [Marion, Polk, Yamhill]	2,642	123	\$31,752
South-Willamette Valley [Benton, Lane, Linn]	7,522	70	\$31,921

TABLE 1 (cont.)

Southwestern [Douglas, Jackson]	7,822	37	\$28,218
Central [Crook, Deschutes, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco]	25,586	12	\$28,560
Eastern [Baker, Gilliam, Grant, Harney, Morrow, Umatilla, Union, Wallowa]	29,366	6	\$27,295
STATE:	96,003	31	\$32,336

Source: *County and City Data Book, 1994*

will be presented on a regional basis to aid in the comparison of the use of agency forces versus contracting out in county road projects.

METHODS

The major source of information used in this study is a mail survey of Oregon county public works and road departments conducted during the spring of 1992 by the Program for Governmental Research and Education at Oregon State University. Questionnaire design and implementation followed Dillman's (1978) Total Design Method. Thirty-three of the 36 counties responded to most of the items on the questionnaire. Two counties (Josephine and Wheeler) did not respond and the response from Malheur County was limited to only two of its road assessment districts. Consequently, the following text and tables are based on the questionnaires from the thirty-three counties that submitted completed questionnaires.

FINDINGS

In this section of this article the authors will compare Oregon county road expenditures for contracted and county force projects in the areas of maintenance, new construction, and overall project cost and quality. In addition, they examine regional and urban-rural differences in the allocation of county road projects.

To begin their empirical analysis of road projects, the authors examine variation in the overall expenditures for county road work performed by contractors and county forces. The data reported in Table 2 show that, in fiscal years 1989 to 1991, the 33 counties participating in the survey made more than three-fourths of their county expenditures for road construction, expansion, and preservation through private contractors. For maintenance work, the ratio was reversed: three-fourths was done by county forces. Most of the expenditure for construction, expansion, and preservation went for new roads and overlays. The types of maintenance activity most likely to be allocated to private contracts appear to be those that require specialized equipment or skills such as paving maintenance, bridge work, and maintenance of traffic control devices.

Eighty-five percent of reported administration and engineering expenditure was made in-house and 15 percent was channeled through contracts. Most of the expenditure reported under administration and engineering was for overhead, general administration

TABLE 2
 EXPENDITURES FOR COUNTY ROAD WORK PERFORMED BY CONTRACTORS AND
 COUNTY FORCES IN REPORTING COUNTIES, 1989-91

	<u>Total Expenditure</u>		<u>Percent Distribution</u>	
	<i>Contractors</i>	<i>County Forces</i>	<i>Contractors</i>	<i>County Forces</i>
Construction, Expansion and Preservation:				
<i>Total</i>	\$129,119,921	\$35,441,073	78%	22%
New Roads	\$66,755,276	\$19,129,039	78%	22%
Overlays	\$33,480,786	\$10,519,795	76%	24%
Bridges	\$8,926,959	\$2,933,724	75%	25%
Other	\$19,956,900	\$2,858,515	87%	13%

TABLE 2 (cont.)

Operation & Maintenance:				
<i>Total</i>	\$40,393,367	\$117,891,516	25%	75%
Paved Surface/Shoulder	\$18,588,076	\$33,472,035	36%	64%
Bridges	\$2,340,186	\$3,551,772	40%	60%
Gravel	\$10,694,321	\$20,586,615	34%	66%
Traffic Const.	\$4,025,891	\$8,991,398	31%	69%
Drainage	\$584,754	\$12,011,853	5%	95%
Vegetation	\$1,345,504	\$10,370,756	11%	89%
Snow/Ice Removal	\$325,368	\$4,756,855	6%	94%
Emergency	\$851,916	\$2,952,195	22%	78%
Other	\$1,637,350	\$21,198,037	7%	93%
Administration & Engineering:				
<i>Total</i>	\$7,007,680	\$39,844,085	15%	85%
Contract Admin.	\$6,625,469	\$32,964,352	17%	83%
Other	\$382,211	\$6,879,733	5%	95%
TOTAL:	<u>\$176,520,968</u>	<u>\$193,176,673</u>	<u>48%</u>	<u>52%</u>

TABLE 3

CONTRACT ADMINISTRATION AS ESTIMATED PERCENT OF TOTAL CONTRACT COST

Question: What is your estimate of the percentage of total cost of contracts that goes for preparing plans and specifications, advertising for bids or responses, and administering contract work (including inspection and dispute resolution)?

	Percent	N
Construction Projects:		
20% plus	13%	4
15% to 19%	37%	11
10% to 14%	17%	5
5% to 9%	30%	9
4% and less	3%	1
Maintenance Projects:		
20% plus	10%	2
15% to 19%	0%	0
10% to 14%	40%	8
5% to 9%	25%	5
4% and less	25%	5

TABLE 4
EXPENDITURE FOR COUNTY ROADS FORCES BY REGION, 1989-91

	<i>Contractors</i>		<i>County Forces</i>	
	Construction, Expansion and Preservation:			
Coastal	\$6,426,398	58%	\$4,647,106	42%
Portland Metro.	\$52,777,780	89%	\$6,564,001	11%
Mid-Willamette	\$11,180,433	84%	\$2,125,763	16%
South-Willamette	\$23,613,209	87%	\$3,663,369	13%
Southwestern	\$11,670,631	86%	\$1,913,892	14%
Central	\$16,068,721	59%	\$11,208,490	41%
Eastern	\$7,382,749	58%	\$5,318,452	42%
Operation and Maintenance:				
Coastal	\$4,132,822	16%	\$21,013,892	84%
Portland Metro.	\$3,794,440	12%	\$27,624,289	88%
Mid-Willamette	\$2,899,750	28%	\$7,368,534	72%
South-Willamette	\$9,252,911	35%	\$16,937,997	65%
Southwestern	\$12,807,385	46%	\$15,026,774	54%
Central	\$5,191,445	25%	\$15,852,201	75%
Eastern	\$2,314,614	14%	\$14,067,829	86%

and management, planning and design engineering, inspection, and other contract administration not reported as part of the cost of specific projects.

While the questionnaire did not ask respondents to identify administration and engineering expenditure separately for contracted projects, it did ask respondents to estimate the percentage of the total cost of contracts that goes for preparation, advertising, and administering contract work. Table 3 reveals a variation between the administration and engineering expenditure estimates for construction and maintenance projects. For construction projects, one-half of the counties estimated the percentage of total cost of contracts for preparing plans, etc. at 15 percent and higher. For maintenance projects the authors find only two counties reporting similar cost percentages with the remaining counties reporting percentages at 14 percent and below (although fewer counties reported estimates for maintenance projects).

Regardless, based on these approximations, the data indicate that contract administration as an estimated percentage of total contract costs is similar to in-house expenditures for construction projects and significantly lower for operation and maintenance projects.

Next the authors evaluated the statewide figures reported in Table 3 in order to detect any noteworthy patterns among the sub-state regions in Oregon. Table 4 breaks down the expenditures for construction, expansion, and preservation of county roads and the operation and maintenance of county roads performed by contractors and county forces by region.

Table 4 illustrates that the regional differences for construction, expansion, and preservation expenditure for county roads are consistent with the popular assumption that private contractors receive a larger share of county road projects in the more heavily populated and urban counties than they do in the rural, coastal, and eastern Oregon counties. In the Portland, Willamette Valley, and southwestern Oregon regions, contracted work accounted for between 84 and 89 percent of construction expenditure in fiscal years 1990 and 1991 while, in the coastal, central, and eastern Oregon regions only about 58-59 percent of construction expenditure was made through private contractors.

There were no such clear regional patterns with respect to expenditure for operation and maintenance of county roads performed by contractors. The data in Table 4 illustrate that regionally

the largest expenditure for operation and maintenance of county roads by contractors was in the southwestern and the southern Willamette portion of the state while the smallest expenditure was in the Portland metro area, followed by eastern Oregon and the coastal regions of the state.

In order to assess the various reasons each county chose to maintain county road departments with some capacity to construct and/or maintain county roads with county forces, the questionnaire asked the respondents to measure the importance of a number of scenarios which evaluated the level of service provided by agency forces. Generally, the results of the study attest to a high level of agreement among counties that it is necessary to maintain the capacity to do at least some road work with county forces.

It appears that contracting involves certain costs that are not incurred when work is done with county forces; that competition for county road contracts in about half of the counties is considered to be less than adequate at least for projects of certain types and sizes; and that there are often problems with the timeliness, quality of performance, and administration of contracted projects.

Table 5 further summarizes the reasons counties generally prefer to maintain county road departments that have some capacity to construct and/or maintain county roads with county forces. Asked to rank ten possible reasons to maintain such a county road department on a Likert scale of "1" (not important) to "5" (very important), especially high rankings were assigned to the need to meet road needs consistently over time, the need for expertise and familiarity with local conditions, achievement of "least cost" especially in maintenance work, and the need to maintain a capacity to respond to emergencies. Only two of the ten possible reasons were ranked less than "3" (somewhat important) namely, deference to county employees and union preferences and the dependence of other county programs on county road crews and equipment.

Additional reasons to maintain county road crews were offered by several counties including geographic isolation (either of the county or of specific project sites), the local economic benefit of keeping road dollars in the community rather than paying them to out-of-county contractors, and the large number of small projects which tend to attract less contractor interests and require relatively large expenditures for contract preparation and administration.

When the responses to the ten questions in Table 5 are classified according to the regions of the state, an additional consideration--

TABLE 5
COUNTY EVALUATIONS OF REASONS FOR MAINTAINING ROAD DEPARTMENTS

	<i>Mean</i>	<i>N</i>
Maintaining a county capacity to do road work helps to insure that prices bid by contractors will be reasonable.	3.45	33
Maintaining a county road capacity to do road work assures that road needs will be met consistently over time.	4.27	33
Expertise and familiarity with local road conditions is important and can be assured only by maintaining a stable road department from year to year.	4.52	33
A county road department must maintain its own forces to perform work for which detailed specifications and measurable work units cannot be developed.	3.92	33

TABLE 5 (cont.)

	<i>Mean</i>	<i>N</i>
There are too few qualified contractors in our county to assure competition in bidding for county road work.	3.03	33
Least cost is better achieved by agency forces than contractors in:		
a. Construction projects	3.13	32
b. Maintenance activities	4.68	31
Agency forces must be maintained to respond to emergencies.	4.73	33
Citizens and property owners feel that their needs and preferences related to the county road program will be better satisfied by agency forces than contractors.	3.52	33
County road crews and equipment are used for other county road programs (e.g., solid waste, parks, etc.).	2.73	33
County employees and their unions resist extensive reliance on contracting to perform county road work.	2.82	33

the perceived and/or experienced level of contractor competition--is found to be a significant factor affecting evaluations of the need to maintain local government road crews. In the Portland area, for example, where there is a relatively high level of contractor competition, respondents tended to place less importance on various reasons for maintaining county road departments than in the other regions. Even Portland counties, however, assigned high rankings to the need to maintain county force capacity to do maintenance work and to respond to emergencies.

In addition to regional variations and expenditures for construction and maintenance, the use of agency forces versus contracting out in county road projects is affected by the bidding environment and county experiences with contracting. County policies regarding the allocation of county road work between private contractors and county forces are influenced to a considerable extent by the amount of competition that exists among contractors bidding on county jobs. The perception is that active competition among contracts is considered to be an indication that the "least cost" is being achieved while counties that typically receive only a few bids on their projects have reason to doubt that contracted projects cost less than projects done by their own force.

Table 6 reports on the number of projects and number of bids received by the counties during the 1991 calendar year and relates the average number of bids to the types of project and size of the project. As expected, the level of competition is higher in the more populous urban counties than in the rural areas. Table 6 reveals that the three Portland Metro counties reported an average number of 4.7 bids per contract, about twice the level reported for the coastal and eastern Oregon counties (2.26 and 3.1 bids per contract, respectively).

The dollar amount of contracted projects also appears to influence the level of competition. Table 6 also illustrates that, in general, the level of competition increases with the size of the project. However, in all of the regions (with the exception of eastern Oregon) projects over \$100,000 appear to attract less competition than the smaller projects. This may reflect the fact that many smaller contracting firms are not staffed or equipped to handle the larger projects or cannot afford the performance bonds required for such sizable projects.

While Table 6 reveals significant variation in the number and percentage of bids compared to the available road work in each

TABLE 6
NUMBER OF CONTRACTED PROJECTS PER REGION AND CONTRACT SIZE

Projects Per Region:	# Projects	# Bids	Average bids per contract	Average project cost
Coastal	34	68	2.3	\$76,119
Portland Metro.	50	235	4.7	\$412,142
Mid-Willamette	16	64	4.0	\$250,786
South Willamette	43	139	3.2	\$337,737
South Timber	30	113	3.8	\$281,900
Central	33	124	3.8	\$199,561
Eastern	25	78	3.1	\$178,417

TABLE 6 (cont.)

Bids by Contract Size and Region:

	\$10k and less	\$10k- \$40k	\$40k- \$100k	\$100k- \$200k	\$200k- \$300k	\$300k plus
Coastal						
<i>mean bids</i>	2.9	2.0	2.7	1.7	2.0	1.5
Portland Metro.						
<i>mean bids</i>	2.5	3.0	4.4	3.1	8.7	5.5
Mid-Willamette						
<i>mean bids</i>	1.0	2.0	3.7	4.6	12	3.2
South-Willamette						
<i>mean bids</i>	2.0	2.4	3.5	4.4	3.7	3.3
Southwestern						
<i>mean bids</i>	0	5.0	2.2	5.0	4.8	4.6
Central						
<i>mean bids</i>	3.5	2.2	3.3	5.2	8.0	4.4
Eastern						
<i>mean bids</i>	4.0	1.4	2.2	5.0	4.5	5.7

TABLE 7

PROBLEMS EXPERIENCED WITH CONTRACTED PROJECTS, 1989-1991

	Percent	N
EXPERIENCED NO PROBLEMS	58%	19
EXPERIENCED PROBLEMS	42%	14
<i>Problems:</i>		
Work not performed to specifications.	50%	7
Work not timely performed.	100%	14
Contractor failed to communicate effectively with affected citizens.	36%	5
Work area security/safety.	29%	4
Change order problems.	36%	5

region of the state, these numbers alone are not independent proof that the level of competition for county road work either is or is not adequate to insure the state's goal of "least cost." Whether two or three bids on a project is adequate competition is mainly a matter of subjective judgment. One way of assessing the level of competition, albeit also subjective, was featured in one of the questionnaire items, not included in this article, which asked respondents to provide their opinions as to the adequacy of competition in their respective counties. About half of the responding counties reported that they are satisfied with the level of competition they experience while the other half had some reservations.

The final area of inquiry into the use of agency forces versus contracting out road projects in the state of Oregon was a measurement of the counties' level of satisfaction with contract performance. In order to assess contractor performance the authors asked each county administrator to evaluate the quality and timeliness of contracted performance. Table 7 indicates that, while the majority of responding counties experienced no significant problems with contracted projects during 1989-1991, noteworthy problems were experienced in 14 of the 33 responding counties. The most prevalent type of problem was failure to complete contracted work according to agreed time schedules although seven counties also experienced problems with failure of work to conform to specifications and standards. Five counties cited problems with change order, including work done without prior authorization, overcharges, and failure of contractors to submit their claims in a timely manner.

However, despite the existence of some contract administration problems, appeal to third party dispute resolution was relatively rare. Only two counties resorted to litigation and only one county went through mediation to resolve its differences with contractors. Such third party procedures are time-consuming and costly, helping to explain the infrequency with which they are used.

SUMMARY AND CONCLUSION

Based on the findings reported above, the authors can offer several observations concerning the use of agency forces versus contracting out county road projects in the state of Oregon in 1990 and 1991. First, the 33 counties responding to the survey allocated approximately 78 percent of their road construction dollars and about 25 percent of their road maintenance dollars to projects done

by private contractors. This finding comports with earlier studies conducted in Oregon which also found that private contractors were doing the bulk of the counties' road construction work (Rogge and Erickson, 1990).

Additionally, however, this study detected differences in the percentages of road construction dollars going to private contractors among the seven substate regions; the ratio of contract work to county force work was higher in the Portland Metro, Willamette Valley, and southwestern regions of the state, ranging from 84 to 89 percent compared to the central, eastern, and coastal regions of the state which averaged in the 58-59 percent range. Developed market economies enhance the ability of counties to use private contractors in the allocation of public goods.

Second, the overall bidding environment had an impact on the number of bids received for county road projects. The level of contractor competition for county work depended mainly on the type and size of projects being done. Interestingly, about half of the counties perceive that the level of competition for their projects is not sufficient to insure least cost. In addition, this study detected regional variations in the number of bids received for county projects. On average, more bids were received from private contractors in the Willamette Valley and southwestern and central Oregon than in the coastal and eastern Oregon regions. Therefore, project size poses another consideration for governments interested in competitive market bids.

Third, the data reveal that savings, if any, from contracting out may be partially or fully offset by substantial agency costs associated with the contracting process, including the expense of preparing plans and specifications to a greater level of detail, the cost of advertising and processing bids, and the cost of monitoring, inspecting, and conflict resolution. Although the survey did not ask for actual data on the cost of contract administration as a percentage of total project costs, the median estimate of that ratio was in the range of 10 to 15 percent. Monitoring and responsiveness requirements add indirect costs to contracting with the private sector.

Fourth, while most counties appear to be satisfied with contractor performance, nearly half reported experiencing some problems, mainly in the areas of timely completion and quality of work performed. However, these problems were rarely resolved through informal or formal processes. This finding is also similar to those of the earlier surveys. Privatization is not just a matter of the lowest

available bid; quality of work must be a consideration.

Fifth, there was a strong consensus among survey respondents that counties must maintain an in-house capacity to do county road work, especially maintenance activities. Doing maintenance work with county forces is seen as necessary to ensure quality control and emergency response capability as well as least cost in performance of maintenance activities. Counties also agree that they should maintain in-house capacity to do some construction work, especially for small projects that usually do not attract much contractor interest.

Based on these five observations, the authors can conclude that it is important for counties to maintain an independent capacity to provide maintenance, improvement, and construction of roads to insure both "least cost" and quality service. While it makes economic sense for many local governments to use private contractors for their public works projects, especially in a competitive marketplace existing in larger urban areas, more isolated and rural jurisdictions may find that agency forces are a more appropriate method of service delivery.

These lessons learned from the Oregon experience are likely quite generalizable to other states where sparsely populated, rural counties abound. Rather than adopting an ideological perspective on privatizing services, it is suggested that a pragmatic perspective be adopted in the discussion of local government public works service provision. Local government administrators are best accorded a wide range of options in this regard and state authorities and state legislators ought to be advised to avoid saddling local authorities with undue demands for privatization where the local conditions make such action inappropriate at best and either overly costly or productive of unsatisfactory outcomes at worst.

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