

**Title: Going Private: How privatization and social enterprise can help the City's double bottom line**

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In the waning days of the Daley administration, the former mayor incurred the wrath of union leaders when he floated the possibility of outsourcing the city's curbside recycling initiative without first consulting labor. It was Richard M. Daley, everyone remembers, who struck the deal to sell Midway Airport that ultimately collapsed for lack of financing and inked the controversial lease that privatized Chicago's parking meters and continues to anger the city's drivers. And it was he who pushed for the privatization of the Taste of Chicago festival until the plan was scrapped when the sole bidder proposed a politically unacceptable admission fee.

By no means are privatization missteps unique to Chicago. Yet the empirical evidence is strong: When a privatization strategy is carefully implemented and managed with discipline, safeguards and adequate controls, it works successfully for just about any municipal function other than policymaking, the courts and public-safety services.

The keys are "best value" government procurement practices; tough, performance-based contracts that hold expert and solutions-driven contractors accountable to deliver the results the city demands; and rigorous contractor monitoring and performance evaluations.

Mayor Rahm Emanuel will need to think big when tackling Chicago's deficit, approaching \$1 billion when unfunded pension liabilities are included. He expects to drive costs down by running all the city's vehicles, buildings and leases out of one new mega-department.

Instead, Mr. Emanuel should seriously consider the Civic Federation's provocative recommendation that the city outsource its building and fleet management, along with its garbage removal, customer service centers, 311 calls for non-emergency services, payroll processing and accounting. At least two of his handpicked policymakers are likely to see merit in the proposal—Lois Scott, the public finance veteran he tapped to be Chicago's chief financial officer, and Alexandra Holt, the attorney he appointed as budget director. Both are privatization experts.

The federation persuasively argues that market-based competition from private companies, non-profits and even other government units can help reduce the costs and overcome the inefficiencies that tend to plague programs run by cities as unchecked monopolies. Even greater social impact would be achieved by favoring competent social enterprises—non-profit, for-profit and hybrid businesses that train and employ reliable but disadvantaged or disabled people, compassionately helping them claim their rightful place in the economic mainstream.

Mr. Emanuel is committed to closing the city's unprecedented budget gap. Let's support a sustainable fiscal policy that reflects his bold leadership style and transparently, accountably and humanely cuts city spending, encourages innovation and improves public services through outsourcing.

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