Schools for Sale

The Privatization of Non-Instructional School Services
AFSCME and its members who work in our public schools fully embrace the goal of providing cost-effective, high-quality services. This objective is best met through labor-management partnerships, not through contracting out, which leaves school districts vulnerable to a variety of problems including higher costs, lower quality of services, and the loss of control and flexibility. School districts across the country cannot afford these risks as they confront the challenge of increasing student achievement with limited resources.

Non-instructional school services, from pupil transportation and custodial services to food preparation and service, provide the environment critical to effective learning. In addition, cafeteria workers, custodians, bus drivers and others have special relationships with students and their parents. Many of these school employees are neighbors of the children they serve. When school districts contract out these jobs, they also sever such relationships.

Who are the companies seeking contracts to provide non-instructional school services? Not long ago we saw small local or regional companies responding to requests for proposals issued by school districts. Now, the companies in the food, student transportation, and custodial industries are large, multinational corporations with annual revenue in the billions. These firms have come to dominate their respective industries by buying smaller companies and driving others out of business. Companies such as Aramark, Laidlaw, First Student, and Sodexho make no secret of their plans to further penetrate the public school “market,” so corporate executives are knocking on the doors of school district officials.

Enlightened and innovative school officials and administrators know that fostering joint labor-management initiatives to improve service delivery is more effective than contracting out. Such an approach ensures positive results without subjecting students, parents and the community to the shortcomings associated with contracting out.
Contracting out costs more than advocates claim because indirect and hidden costs of service delivery are often ignored. Such costs include contract monitoring and administration, conversion costs, charges for “extra” work, and the contractor’s use of public equipment and facilities.

When profit is the prime motivation in service delivery, there is an incentive to cut corners by skimping on the quality and quantity of work performed. Quality suffers when contract specifications are vague or poorly defined. School district employees routinely perform tasks that fall outside their official job descriptions but are vital to a high quality education for children. Such tasks usually are not included in contract specifications, and school officials no longer have the flexibility to get them accomplished.

It is difficult for contractors, who tend to provide inferior wages and benefits, to attract and retain qualified employees. As a result, not only is service quality adversely affected, but children are exposed to unnecessary and destabilizing staff turnover.

There is an adverse economic impact on communities when school districts contract out, particularly with companies located in other parts of the country or overseas. The community’s employment base is eroded when good jobs are replaced with poor jobs. In addition, resources are drained from the local economy as profits are transferred to companies outside the community.

Dependence on contractors increases as in-house capacity is reduced or eliminated. School districts that contract out school bus services and sell their buses are particularly vulnerable. This loss of leverage can lead to price gouging by contractors in future contract negotiations. Such situations are made worse by contractors that “low-ball” their bids (offer an attractive price on the first bid to win the contract and then raise prices in renewals).

Public accountability is diminished because complaints from parents and students cannot be directly addressed by the school district. In addition, private companies cannot be held to the same public scrutiny as school districts, which are required to operate in an open arena. These conditions create opportunities for corruption, such as bid-rigging, bribery and kickbacks.

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The shortcomings of contracting out

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contracting problems

School districts across the country have experienced first-hand the many problems connected with contracting out. The following recent examples are illustrative:

Custodial and Maintenance Services

Control Building Services of Secaucus, New Jersey, failed to adequately conduct a background check of its employees. Under state law and the $7 million contract the company had with the school district, background checks and fingerprinting of all employees were mandatory. Despite these requirements, an internal audit conducted in 2001 revealed that 75 percent of the contractor’s employees did not have criminal background checks on file. These deficiencies came to light after workers were caught stealing laptop computers from one of the schools. Control Building Services lost a custodial contract with the Cherry Hill School District because it had failed to conduct the necessary checks there as well.

DURING ITS SHORT TENURE THERE, CONTROL FIRED 39 WORKERS FOR DRUG USE AND OTHER PROBLEMS.

Keller School District in Texas contracted with Aramark to run its maintenance department. The district eventually terminated the contract after learning of missing records, broken equipment and financial mismanagement. The district then turned to an outside consultant to help it bring the maintenance department back in-house.
But problems continued with the consultant. As a result of several cost overruns, officials had to pay the consultant almost twice the original contract amount.

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The New Orleans School District terminated its contract with AME Services to provide custodial services because of the poor quality of its work and escalating costs. The company had generated an extensive record of complaints. For example, a district facilities director, in a memo to AME, described the conditions at a high school by stating that “human feces remained in mop sinks and face bowls in the gym area.”

A report concerning a middle school cited “countless numbers of bloodied sanitary napkins left for a long period of time.” School officials estimated that bringing services back in-house would save the school district about $2 million.

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The Guilford County school board, in North Carolina, voted 8-2 to end its relationship with Sodexho, the company it hired to provide custodial services. The board had expected savings totaling about $1.2 million by contracting with Sodexho for a four-year period. In the first year, only $120,000 was saved, $350,000 less than the guaranteed amount. In the year the contract was severed, the school district expected to lose money despite the $410,000 projected savings. In addition to finances, teachers and custodians complained about inferior supplies, inadequate staffing of custodians at schools, too many temporary workers and faulty equipment repairs.

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Lee County Schools, Pennsylvania, terminated its contract with Aramark to provide employee training, supplies and cleaning equipment. School administrators maintained that in-house staff would do a better job because they are held accountable and take more pride in maintaining school buildings. According to custodians, delayed repairs resulted in floors and carpets remaining dirty for extended periods of time. In addition, cleaning solvents were frequently out of stock, which made it difficult, if not impossible, for custodians to properly clean school buildings.

School Bus Services

A former New York state school bus driver for Laidlaw was arrested and charged with possession of child pornography. The ex-driver admitted that he downloaded—from a website offering child pornography—images of children who looked to be 10 to 12 years old engaged in sexually explicit conduct.

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Another Laidlaw driver did not activate the security alarm system (as required, before exiting the bus), and left a first grade girl sleeping on the bus. The girl, enrolled in Omaha Public Schools, had to be driven home by a stranger she flagged down after she woke up alone.
With one year remaining on a four-year, $870,000 contract with Laidlaw Transit to provide student transportation, the Bibb County (Georgia) Board of Education terminated its relationship with the company. According to the school superintendent, “we just don’t believe that Laidlaw has effectively managed the busing system, and problems have recently gotten worse.” One month into the school year during which the contract was canceled, many children continued to arrive at school late and were dropped off at bus stops hours after school had ended.

**Food Services**

Fours years into a contract with Chartwells to provide food services at the Higley Unified School District in Arizona, the company had to bring in a new food services director following complaints about the menu, quality of food, and serving time. The school district recently decided to re-bid the service.

Feeling overwhelmed by other responsibilities, one school board member thought the time was wrong for bringing the service back in-house despite finding that “there are too many opportunities for improvement that we aren’t getting to fast enough.”

During the first year of the Richmond (Virginia) School System’s contract with Chartwells to provide food services, the company lost the school district more than $900,000. In addition, the school board learned that the company had overcharged it for numerous food items. The board opted to not renew the one-year contract. According to a school board member, “Chartwells was supposed to be the panacea to all our food service issues. We’ve been duped, we’ve been had, we’ve been hoodwinked, we’ve been suckered.”

Sodexho, which provides food services to the Western Oaks Middle School in Oklahoma City, served meals that had been left in food warmers over the winter holiday break to students returning to school—despite a company policy to empty food warmers daily. Several students became ill as a result.

Carroll School District in Texas brought food services back in-house following a nine-year contractual relationship with Aramark. The decision resulted from continued complaints about food quality and ongoing deficits requiring subsidies from other school district funds. An audit of school district finances revealed that it overpaid Aramark by $80,000.

For more examples of the shortcomings of privatization visit: [http://www.afscmeinfo center.org/privatization update](http://www.afscmeinfo center.org/privatization update).
There is a better way

Non-instructional school services are best provided by tapping into the knowledge and talent of the custodians, cafeteria workers, bus drivers and others who provide them. Those professionals know how to spot inefficiencies and how to improve service delivery. Long experience in states across the country demonstrates that positive change and innovation can be accomplished when school employees are given meaningful opportunities to work together in partnership with management, for the well-being of both the schools and their students.
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