

Good research paper about use of contracting services for school transportation a...

[Business](#), [Employee](#)



The Reasons Schools Contract Out their Services to Private Companies

The use of contracting services out to specialized service providers is increasing in school districts nationwide. Two of the most frequent areas where this practice occurs are in the custodial and transportation areas. The primary reason that this subcontracting of services is initialed is to save money. Many districts are struggling financially and service providers tout a huge savings while saving the school district's administrative and other headaches in the process.

Relieving some of the headaches from administrators might sound well and good, but in truth, however, that in some cases, the subcontracting of services does save school districts money, but in many cases school districts do not benefit financially but instead the subcontracting of services end up costing more that if the control and dispersion of services was kept under their control. Instead, school districts lose having complete control of these endeavors and end up paying more as well. Many of these districts have up to 20% of their budgets decided for them through regulations imposed on them from the No Child Left Behind Act and federal budget cuts (Mathias & Jimerson, 2008).

Negotiations

The Importance of Requests for Proposals

When requests for proposals (RFP) are called for the competition of bids for the services, it is important to have legal counsel and an outside expert review the contracts. There must also be a number of measures in the

contract to ensure that services are rendered with excellent quality. Some of these controls might include cost penalties for overruns, a process to handle dispute resolutions, effective monitoring of the services to ensure that they are being provided at with the level of quality that is expected, as well as an economic means to cancel a contract if necessary. Reference checks also should include not only contacting the sources that the contractor provides, but also to see if other school districts that are serviced are pleased with the provider and also checking compliance with any local state agencies that might have information on the provider (Mathias & Jimerson, 2008).

It is also essential to know how current district employees in these areas will be affected. Some providers do not use these employees once the service is contracted; others keep the employees but execute large pay cuts. Still others treat the employees well and keep the employees as well as their current salary and benefit packages, or something close to what the employees have received from the district (Mathias & Jimerson, 2008).

Districts also must be aware of potential new costs that would be incurred using a professional provider. It will need to be established if there will be administrative costs to oversee the services being rendered, provide maintenance, or buy supplies for the vendor to use. It is also beneficial to check with the contractor about issues such as energy use, plans for dealing with inflation, and verify that staffing is going to be done at an appropriate level. There are also transaction costs, which include the writing of the contract, evaluating proposals, monitoring the company and staffers, paying additional staff where needed, and supervising the contract in general. These

costs can add up to 20% to the initial contract estimate (Mathias & Jimerson, 2008).

Quality Counts

Some districts struggle with paying higher costs for products that are lesser in quality. The policy instrument that is addressed here is regulative. For the purposes of this paper, it will be discussed as quality and districts still having control over judging and enforcing the quality of the provided services . Even in this situation, legally it is the school district that is ultimately responsible for the education of the students that they serve. In order to make the cost-effectiveness worthwhile, districts must be sure that students are receiving the same quality, if not better, services for the money that is being spent. After all, the quality of contracted services does both indirectly and directly benefit the students being served (Mathias & Jimerson, 2008).

Too often there are loopholes in contracts that benefit the provider and hurt the school district engaged in the contract. In such instances, districts are not only responsible for the base amount of the contract, but for cost overruns as well. Even with service caps, there are charges such as paying retail rates for supplies and non-contracted rates for uncovered services that are provided. This is yet another reason the school districts should hire an attorney specializing in outsourcing contracts . Schools may also be locked into schedules or other things that they later wish to change, but cannot, due to the contract. For instance, a school might not be able to switch starting or ending times of the school day because their transportation contract will not allow them to do so. There may be a demand for it by the community, and

the school district's administrators might see how the students would benefit, but if the contractor does not agree to the change, it will not occur, even if the students would benefit (Mathias & Jimerson, 2008).

Effects on Communities

There also exist communities in which the school system is one of, if not the largest employers in the region. Greater than 80% of a school system's budget is spent on administrative and personnel costs and benefits. If an outside contractor does not maintain the same employees when services begin, the community will suffer because of lost jobs and therefore lost local revenue. School districts have long been generous in their health insurance and retirement packages that are granted to employees. Yet outsourcing services and replacing employees or hiring the same employees often means that the salaries once being earned and the retirement and health insurance packages that are being substituted, are of far lesser quality than what had been offered by the school districts. Most custodians receive benefit packages similar to or equal to what teachers and administrators receive. Bus drivers may be eligible for benefits, but usually receive high pay from school districts than from outside contractors (Mathias & Jimerson, 2008). In smaller districts, and in the United States most districts have less than 3,000 students, there is a chance that there will not be enough bids on a contract to invite competition. Another issue is a low rate offered at the initiation of the contract with a sharp increase in rates once the initial contract expires (Ellery, 2007). In the transportation industry, this is especially evident. Laidlaw Educational Services now operates 12% of all

school buses in the United States and Canada (n. a., 2007). Staff turn-over rates for outsourced bus drivers is 30%. District employed bus drivers have a turn-over rate of only five percent (Lafer & Bussel, 2004). Laidlaw is a United Kingdom based company; therefore it is difficult for them to know the newest state guidelines, and little incentive for them to do so. With an overseas headquarters, the company is not going to be invested in knowing and understanding the concerns of a small, local community. Also, the highest paid employees of the corporation are not even contributing to the nation's revenue (Mathias & Jimerson, 2008).

It is also essential for contracted bus drivers to receive all of the proper training that district hired bus drivers receive prior to working with children. Some areas where district bus drivers are trained and many contracted drivers are not include specific disciplinary policies of the school district, protocols for bus accidents, bus evacuation procedures, and even state laws about idling. Also, drivers may not be trained to work with special needs students, restraint procedures, and first aid. Additionally, district drivers are also usually trained in student drug and alcohol use behaviors, hazing, bullying, and other types of student harassment. Lastly, districts are more likely than private contractors to give drug and alcohol screenings to their drivers. If any of these trainings or regulations are not met, it is still the school district is liable (Mathias & Jimerson, 2008).

Since bus drivers average a four hour work day, their pay per hour needs to reflect the position they hold and the respect they deserve within the community. They are, after all, keeping the community's children safe on an almost daily basis. Sometimes, however, subcontractors decrease drivers'

wages when they change from school district employees to contractor employees. One example of this decrease in wages happened in Pleasant Hill, OR. Drivers were earning \$11.37 an hour. When a private contractor took over transportation services, the drivers' salaries were reduced to \$8 an hour. This 42% decrease had a negative effect in the community. There is no way a subsistence standard of living could be made on such wages (Lafer & Bussel, 2004). In many instances, such wage cuts leave long-time district employees looking for new work, sometimes in a different community (Mathias & Jimerson, 2008). School districts are increasingly contracting out their transportation services. As of 2013, 20.9% of districts now use transportation companies to provide their busing needs. Also; contractors pay their own insurance for their drivers, which could save school districts a vast amount of money (Hohman & Fryzelka, 2014).

Custodial services are sometimes not sufficient as well. One example occurred in New Orleans, where shortly after an area had been cleaned by a private company, human feces were found in the sink in the gymnasium bathroom (Romeo, 2007, July). In such a situation, even people's lives were in danger. It is essential that those who work for contracted agencies do not pose harm to students, staff, or property. It is critical that these adults be good role models for the students with whom they work. This is just one instance where this was obviously not the case. A poor example was set for the students as well as members of the communities who pay for these support services through their tax dollars (Mathias & Jimerson, 2008). Too often, companies hire workers who do not pass background checks or provide these employees with adequate training. Such an example occurred

in New Jersey, where a custodial vendor did not complete the background checks that were both required by law and in the contracts which were entered. After some of the contractor's employees were caught committing a crime, stealing laptops from schools in one district, an audit was performed that found the breach of contract. This same company later fired 39 of its employees for failing to pass drug tests (n. a., 2008).

Enhancing Education

There are, however, many that believe that privatizing services would enhance education. There is a continuum on which this privatization occurs. For some districts, one or two services, such as custodian care and transportation, are contracted to the private sector and the district manages all other areas. On the other hand, there are some districts that delegate far more, or even their entire districts functions (Mathias & Jimerson, 2008). The use of contracting services would be an example of hortatory policy, as described in Fowler (2013). The changing of districts providing their own services to contracting out services is a policy that the voters of the school board members need to be persuaded to do. The reasons are usually that the education of the students will be enhanced because schools can focus on their primary purpose, educating youth (Fowler, 2013).

A positive example of privatization working to benefit students is when the Midland, MI school board privatized their custodial contract with Kaivac, cleaning machines were provided by the contractor to replace mops and buckets. These machines, a \$100, 000 investment, provided better sanitation in both the locker rooms and bathrooms in all school buildings

(Hohman, 2007). Custodial services are the most frequently contracted service. In 2013, 45. 5% of school districts nationwide contracted out this service (Hohman & Fryzelka, 2014).

It has been found that most literature about contracting out services is positive because the articles are found in trade magazines that are mainly funded by the larger private outsourcing companies. Although about 91% of school districts that outsource some of their needs are somewhat to very satisfied with the services they receive, many or most of the remaining nine percent have serious issues.

There are also economic issues to consider. A report in Oregon demonstrated that for every 25 jobs a school district contracts out, the community suffers by losing \$165, 000 in lost local wages to local employees, a loss of \$18, 000 in state tax revenues because the company is out of state or foreign, and a \$233, 000 loss in earnings that local employees would have spent in their local community (Lafer & Bussel, 2004).

Breaking contracts can be expensive, yet if the overruns are so great, or the services delivered are of such poor quality, the cost might be worth the benefit. School district boards and administrators must keep this in mind when creating and negotiating contracts just in case it becomes a necessity, however remote it may seem while the contract is being initiated (Mathias & Jimerson, 2008). An example where the cost outweighed the means occurred in Dayton, Ohio. The district decided to pay a \$1. 5 million dollar penalty to break a contract with the cleaning company, ServiceMaster, because they were being charged \$1 million a year in cost overruns (Elliot, 2006).

Many districts are satisfied with their contracted services. Others are not. It

will never be completely one way or the other on the continuum. What must be remembered, above all, is that the health and safety of the children is the most important thing on which school districts and private contractors must focus. Even though the primary goal of school administrators is ensuring that students receive a quality education, monitoring the work and services of outside contractors also needs to be a main focus as well (Mathias & Jimerson, 2008).

When districts ultimately do make the decision to contract services to a for profit company, in order for it to be a successful experience, they must seek recommendations for companies with which they ultimately place their contracts ensuring that they perform due diligence in checking satisfaction rates with other districts and appropriate state agencies. There also needs to be a fair amount of requests for proposals made to ensure that adequate competition is being utilized for pricing and contracting purposes (Mathias & Jimerson, 2008).

There also must be control measures in place between the district and the contractors they utilize. There needs to be sufficient monitoring of the contractor by the district. The district also needs to be consistent in their evaluation of the contractor, use an agreed upon complaint resolution forum if necessary, control cost penalties and overruns, and ensure the contract is written in a way that it is feasible to cancel it if necessary. It is also beneficial to the community if districts keep in mind how impacted employees will be protected. Vendors' short and long term plans for these people are important to have included in the contract, as it can greatly affect the community that supports the district through its tax base (Mathias & Jimerson, 2008).

Districts will also be best off if they are careful about hidden costs that could be incurred. It is also necessary for districts to know how they are going to monitor the companies with which they contract. Proposals and final contracts must both be checked for cost estimates about energy, inflation, and wages that are to be paid to employees. The caps that are placed on both goods and services must also be reasonable to ensure that the district does not end up paying more for contracted services than they did when the same services were provided on the district level (Mathias & Jimerson, 2008).

With an approval rate of over 90% for outsourcing, it has been proven many times that districts using for profit contractors can be beneficial and save districts money. There are also plenty of pitfalls that need to be accounted for at the outset. If this is done well, the process can be beneficial for all involved.

The advocacy plan that can be used when deciding to change from a district providing their own transportation and custodial plans to contracting out these services would need to include both regulatory and hortatory aspects in the plan. The school board would first need to be swayed that this is both economically the most sound option and that it will best serve the needs of the students (Fowler, 2013).

Once the school board has determined that privatization of services is best, next parents need to be convinced. This can usually be accomplished through examples of how tax dollars will be saved. School boards do not want to keep raising taxes. It lessens the members' chances for reelection. Parents also want to hear that privatization will either not affect the bottom

line of the services provided or that the newly contracted services will be better, such as the example used of better cleaning equipment for the floors for which taxpayers did not have to pay for the cost of the equipment used (Fowler, 2013).

The bottom line is that if services are provided for by school districts or private contractors, the ultimate goal of school districts is to ensure that the students are receiving the best education that is possible. Today's students are the leaders for tomorrow. They deserve the very best that can be given. In that way, education is not a business, it is a right for all children in the United States. Education is a right that must be protected by proactive school boards and is ensured by the parents, the voting public. It is a way in which democracy is used in the public education system.

References

Elery, J. P. (2007, April 5). Paucity of school bids deplored: Quaboag bus contractor has no

competition. Telegram & Gazette. April 5, 2007, (Worcester, MA).

<http://www.thefreelibrary.com/Paucity+of+school+bids+deplored%3b+Quaboag+bus+contractor+has+no-a0161715944>

Elliot, S. (2006). Board cancels contract. Dayton Daily News, p. 1B, September 28, 2006.

<http://www.highbeam.com/doc/1P2-11993760.html>.

Fowler. (2013).

Hohman, J. M. (2007). Creative contracting saves districts money. Michigan Privatization

Report, 7(1), 5.

Hohman, J. M. & Fryzelka, E. E. (2014). Michigan School Privatization Survey 2013. Mackinac

Center for Public Policy, 14(1), 1-14.

LaFaive, M. (2011). Faulty school bus privatization can take districts for a ride. Michigan

Privatization Report, 11(1), 1-20. ISSN 1092-7999.

Lafer, G. & Bussel, R. (June 2005). All costs considered: a report on the contracting out of

considered-new-analysis-contracting-out-school-support-services-oregon.

Mathis, W. J. & Jimerson, L. (2008). A guide to contracting out school support services: Good

for the school? Good for the community? The Great Lakes Center for Education

Research & Practice.

n. a. (2007, September 26). Boston. com. School bus antitrust pact reached in FirstGroup-

Laidlaw deal. [http://www.boston.](http://www.boston.com/news/education/k_12/articles/2007/09/26/school_bus_antitrust_pact_reached_in_firstgroup_laidlaw_deal? mode= PF)

[com/news/education/k_12/articles/2007/09/26/school_](http://www.boston.com/news/education/k_12/articles/2007/09/26/school_bus_antitrust_pact_reached_in_firstgroup_laidlaw_deal? mode= PF)

[bus_antitrust_pact_reached_in_firstgroup_laidlaw_deal? mode= PF.](http://www.boston.com/news/education/k_12/articles/2007/09/26/school_bus_antitrust_pact_reached_in_firstgroup_laidlaw_deal? mode= PF)

n. a. (2008) Schools for sale: The privatization of non-instructional school services. American

Federation of State, County, and Municipal Employees, 12(52).

[http://www.afscme.org/publications/1252.cfm.](http://www.afscme.org/publications/1252.cfm)

Romeo, J. (2007, July). How much privatization is too much? School Planning

<https://assignbuster.com/good-research-paper-about-use-of-contracting-services-for-school-transportation-and-custodial-services/>

& Management.

46,(7), 21-23. http://www. ncef. org/rl/custodial_staffing. cfm