



## **Cash-Strapped Schools Eye Privatization**

For decades, Ken **SIVER**, deputy superintendent of Southfield Schools, has faced the same budgetary challenges common to school districts across Michigan.

So with state aid on the decline and dwindling enrollment, his district has carried out one of the most comprehensive privatization schemes in the state.

One month into this school year, private contractors are providing the district's food, busing and custodial services for the first time.

"This is new territory for us," Siver said. "We came to this very reluctantly."

The district expects to save more than \$18 million in three years.

Such estimates are prompting other cash-strapped school boards to consider privatizing services. But the trend is meeting resistance from unions that argue it cuts jobs and wages of loyal employees.

"Absolutely, it's a dangerous trend," said Rosemary **CAREY**, communications consultant for the Michigan Education Association (MEA), the state's largest union of teachers and other public school personnel. "We're seeing more and more districts jump at that first."

Carey asserted that privatization upsets communities by laying off local workers and bringing in cheaper laborers who have less of a stake in the community.

"The human factor is huge," she said.

The MEA led efforts to stop privatization efforts in the Okemos, Pontiac, Fruitport, Lowell and Waverly school districts, she said.

When school boards begin toying with the idea of privatization, Carey said the MEA sends directors and consultants to the district to bargain and negotiate. "We step in with all the resources we can possibly provide to fight the battle."

Still, the number of districts turning to privatization has increased every year for the last five years, according to the Mackinac Center for Public Policy, the Midland-based free market think tank. Its recent survey of 552 districts found that the number of districts privatizing services has increased more than 10 percent since 2001.

Districts are most likely to contract out for food services, the study finds.

The Mackinac Center said other districts that have privatized some services in the past year include Burr Oak Community Schools in St. Joseph County, Clinton Township-Clintondale Community Schools in Macomb County, Imlay City Community Schools in Lapeer County, and Monroe-Jefferson Schools in Monroe County.

Michael **LaFAIVE**, the fiscal policy director at the Mackinac Center, said privatizing makes sense because it frees up money for schools to spend on improving education.

"They've got to do it to save money," he said.

LaFaive rejected critics' argument that private contractors don't provide the same quality of services as unionized employees.

And he said school boards have more latitude to negotiate with private companies than with unions.

"I can't tell you how many superintendents we've talked to who said they improved services," he said. "Now they've got a person from a private company saying, 'What can I do for you today?'"

Carey couldn't disagree more.

"It's not the economic silver bullet they expect it to be," she said. "What happens is a privateer will low-bid a contract, be awarded it and add costs after that."

But with battle lines clearly drawn between labor and free enterprise groups, Siver endorsed neither school of thought and spoke somberly of the privatization process.

"Are we glad? No, we're not glad," Siver said. "But we couldn't squeeze any more out of the budget without cutting programs."

Before resorting to privatization, Siver said the Southfield district closed two schools, cut programs in child care and adult education and purchased energy through a consortium.

Then it came down to privatizing services or cutting into K-12 programs.

"The school board didn't leave a single stone unturned," he said. "That's all we've done here is cut, cut, cut."

The district hired Durham School Services for busing, GCA Services Group Inc. for custodial work and Chartwells School Dining for the cafeterias.

Siver said half of his existing transportation staff was hired and given a \$1-an-hour wage increase, while custodial wages decreased.

Meanwhile, some lawmakers want to place requirements on districts looking to privatize. Rep. Rick **JONES** (R-Grand Ledge), who authored part of the package, said it would strengthen existing employees' ability to bid for their own jobs and require school boards to publicly explain the non-economic downsides to privatization.

Rep. Jeff **MAYES** (D-Bay City) is the other main sponsor (HB 6342, HB 6343, HB 6344).

Jones said that as a former sheriff, he thinks a school is safer when it employs its own workers.

He said the package has bipartisan appeal, winning favor with Democrats because the bill helps buttress union bargaining. Co-sponsors include Reps. Edward **GAFFNEY** (R-Grosse Pointe Farms), Richard **BALL** (R-Laingsburg), Marty **KNOLLENBERG** (R-Troy) and John **GARFIELD** (R-Rochester Hills).

The Mackinac Center opposes the legislation, claiming it would "raise the hassle factor for district leadership" when deciding on privatization.

As for Siver, when asked if he would turn back the clock and privatize all over again -- he paused.

"There was no celebration about this," he said. "If the alternative was to cut K-12 programs, we would do this again."

*(Contributed by Capital News Service Correspondent John HUDSON).*