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Introduction

This is the 13th edition of a privatization survey of school districts in Michigan conducted by the Mackinac Center for Public Policy. The survey asks district officials to what extent they use competitive contracting to provide noninstructional services, such as custodial, transportation and food services. This edition is an expanded version that contains new survey research of school districts in four additional states: Pennsylvania, Ohio, Georgia and Texas.

The Center expanded the scope of this survey to better gauge the comparative use of contracting in Michigan school districts and to make its annual survey more useful in other states. Pennsylvania and Ohio were chosen in part due to their status as Midwestern sister states. Georgia and Texas not only represent the South, but may also be informative for comparisons, as Georgia has only 180 school districts (and thus larger districts on average) while Texas has 1,025 (and thus smaller districts on average).

Of the 2,861 districts surveyed only one district — Fabens Independent School District in Texas — failed to respond. Of the states surveyed, Pennsylvania had the highest rate of contracting out for at least one of the three major support services at 75 percent, followed by Michigan with 71 percent, Georgia at 38 percent, Texas with 23 percent and then Ohio at 17 percent.

In Michigan, after consistent growth in the number of districts contracting out for noninstructional services over the course of the last decade, the rate of privatization barely changed from 2013 to 2014. However, contracting out by Michigan school districts grew once again in 2015: The percentage of districts in Michigan that contract out for at least one major noninstructional service grew from 67 percent in 2014 to 71 percent in 2015.

Depending on their size, school districts could be leaving millions of dollars on the table by not pursuing privatization. In the 2009, 2010 and 2011 surveys conducted by the Center, we collected data from district officials about how much they saved by contracting out. Officials reported saving an average of $34 per pupil on food service contracts, $191 per pupil for custodial contracts and $110 per pupil for transportation contracts.

Not every district will save these amounts, but every school superintendent should be interested in ways to potentially save hundreds of dollars per student. Saving money on noninstructional services enables districts to dedicate more funds to their primary objective — providing quality educational opportunities for students.

Contracting out for noninstructional services, however, needs to be done right in order for districts to take full advantage of it. Districts that fail to properly privatize may end up struggling to break even on the deal. With this in mind, this report includes “10 Contracting Rules of Thumb” in Appendix A, an excerpt from a 2007 published report by the Mackinac Center entitled “A School Privatization Primer for Michigan School Officials, Media and Residents.”
Methodology

The Mackinac Center contacted every public school district in Michigan, Pennsylvania, Ohio, Georgia and Texas at least once. The first attempt to survey district leaders was typically made by telephone. Districts that asked for or required formal public information requests (such as a Freedom of Information Act request) received these inquiries by email, fax or letter. The survey began in April 2015 and was mostly completed by the end of August 2015.

We asked districts about their provision of food, custodial and transportation services. We counted a service as being contracted out if the district used a private vendor to provide regular services that would otherwise be performed by district employees. For example, a contractor providing employees and food to school cafeterias on a regular basis would be counted as a privatized food service, whereas a private company hired to periodically refinish gym floors would not.

We also counted as a contracted service instances where a district hires a private firm to lease employees to work under district management in food, custodial or transportation services. Cases where districts used a mix of its own employees and those employed by a private firm to provide a service were counted as being privatized. An example of this type of arrangement is a district using a private firm to manage its transportation services, but still directly employing some of the bus drivers.

The list of school districts in each state was obtained from the National Center for Education Statistics in Washington, D.C. The NCES is a bureau within the U.S. Department of Education charged by the United States Congress with acquiring, analyzing and distributing education-related statistics.

2015 Survey Results: Michigan

Background

The Mackinac Center for Public Policy chose to start surveying Michigan school districts about their use of private companies in providing noninstructional support services in 2001. A survey of about half the districts in the state was conducted that year, and in 2003 the survey was expanded to include nearly all districts. The Center was interested in learning to what extent districts were using this policy option to save money, keep more dollars in the classroom and prevent unnecessary debt acquisition or tax increases.

The Center also wanted to gauge the impact of an important piece of legislation passed about a decade earlier: Public Act 112 of 1994. It modified a 30-year-old law concerning what public employers were required to bargain over with government unions. PA 112 prohibited public employers, such as school districts, from bargaining over the “decision of whether or not to contract with a third party for 1 or more noninstructional support services.” This gave district officials strong control over whether or not they would contract out for school support services.

* MCL § 423.215(3)(f).
Overall Outsourcing

Of the 542 conventional school districts in Michigan, 384 (70.8 percent) contracted out for food, custodial or transportation services in 2015. This represents a 6 percent increase from 2014 and is at least the 10th consecutive year that the percentage of districts contracting out for at least one of these services grew. Competitive contracting for noninstructional services has increased by 123 percent in the Great Lake State since 2003. Seventy-four districts contracted out for all of the three major noninstructional services, the highest percentage (13.7 percent) among the states in this five-state survey.


Food Service

In 2015, 232 school districts in Michigan, or 42.8 percent, outsourced food services to some degree. This is up 10 percent from 2014. Contracting out for food services was a relatively popular option for school districts when the Center started surveying districts — 27.3 percent of responding districts reported doing so in 2003. By contrast, in that same year, only 6.6 percent of districts contracted out for custodial services and only 3.9 percent did the same for transportation services. School food services privatization has steadily increased over the years, though not as much as contracting for custodial and transportation services.
Twenty-five districts agreed to new private food service contracts in 2015. Two districts — Albion Public Schools and Flushing Community Schools — brought contracted services back in-house. Flushing Community Schools had only contracted out for management of its food services, but it now uses intergovernmental contracts to provide these services.
Custodial Service

In 2015, 52.2 percent of Michigan’s 542 school districts contracted out for custodial work. Custodial outsourcing grew from 2014 to 2015 by about 10 percent. Privatization of custodial services grew more than the other two major support services over the course of the Mackinac Center’s surveys — increasing from just 34 districts in 2003 to 283 in 2015.


Statewide, 28 school districts began new contracts with private custodial providers in 2015. Only two districts brought custodial work back in-house. Essexville-Hampton Public Schools had contracted with a private custodial manager, but when that individual retired the work was picked up by other district staff. Godwin Heights Public Schools brought custodial work back in-house as well.

Graphic 5: New Custodial Service Contracts in Michigan, 2015

<table>
<thead>
<tr>
<th>Beecher Community Schools</th>
<th>West Branch-Rose City Area Schools</th>
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<tr>
<td>Grosse Pointe Public Schools System</td>
<td>Wyoming Public Schools</td>
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<tr>
<td>Marysville Public Schools</td>
<td>Lincoln Consolidated Schools</td>
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<tr>
<td>Muskegon Public Schools</td>
<td>Bloomfield Hills Schools</td>
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<tr>
<td>Public Schools of Petoskey</td>
<td>Beal City Public Schools</td>
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<tr>
<td>Ypsilanti Community Schools</td>
<td>Union City Community Schools</td>
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<tr>
<td>Central Lake Public Schools</td>
<td>Escanaba Area Schools</td>
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<tr>
<td>Carney Nadeau Public School</td>
<td>Excelsior Township District 1</td>
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<tr>
<td>Chassell Township Schools</td>
<td>Haslett Public Schools</td>
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<tr>
<td>Port Huron Area School District</td>
<td>Pennfield Schools</td>
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<tr>
<td>Wolverine Community Schools</td>
<td>Romeo Community Schools</td>
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<tr>
<td>Benzie County Central Schools</td>
<td>Vicksburg Community Schools</td>
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<tr>
<td>Ferndale Public Schools</td>
<td>Waldron Area Schools</td>
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<tr>
<td>Fruitport Community Schools</td>
<td>Waterford School District</td>
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</table>
**Transportation Service**

Just over a quarter of Michigan school districts (26.6 percent) contract out for school transportation services. The number of districts using privatized busing services grew by 12 percent from 2014. Although transportation is the least privatized major noninstructional service, it has grown significantly over the last 10 years. Just 21 districts, or 3.8 percent, contracted out for this service in 2005.


Eighteen districts began new transportation contracts in 2015. Only two districts, Godwin Heights Public Schools and Essexville-Hampton Public Schools brought services back in-house. As was the case with custodial services in Essexville-Hampton, its insourcing was due simply to a private manager retiring, whose duties were then picked up by existing district personnel.
The map of Michigan school districts below shows that outsourcing of noninstructional services is widespread across the state and does not appear to be limited to certain geographical areas (although there are some areas that contain clusters of districts that have not privatized any of these services).

**Graphic 7: New Transportation Contracts in Michigan, 2015**

<table>
<thead>
<tr>
<th>Ann Arbor Public Schools</th>
<th>Unionville-Sebewaing Area Schools</th>
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<tbody>
<tr>
<td>Atherton Community Schools</td>
<td>Carney Nadeau Public School</td>
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<tr>
<td>Colon Community Schools</td>
<td>Charlotte Public Schools</td>
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<tr>
<td>Crawford Ausable School District</td>
<td>Elkton-Pigeon-Bay Port Laker Schools</td>
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<tr>
<td>Durand Area School District</td>
<td>Harbor Beach Community School District</td>
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<tr>
<td>Gladwin Community Schools</td>
<td>Southgate Community School District</td>
</tr>
<tr>
<td>Lincoln Park Public Schools</td>
<td>Wolverine Community Schools</td>
</tr>
<tr>
<td>Royal Oak Schools</td>
<td>South Lyon Community Schools</td>
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<tr>
<td>Ypsilanti Community Schools</td>
<td></td>
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<tr>
<td>Central Lake Public Schools</td>
<td></td>
</tr>
</tbody>
</table>

**Graphic 8: Map of School Support Service Privatization in Michigan, 2015**

- **Districts that do not contract out food, custodial or transportation services**
- **Districts that contract out food, custodial or transportation services**
2015 Survey Results: Pennsylvania

Of the 500 school districts in Pennsylvania, 376 (75.2 percent) contract out for at least one of the major noninstructional services. This is the highest rate in this five-state survey. Twenty-four districts in Pennsylvania contract out for all three of the major noninstructional services, the second highest rate (4.8 percent) in the survey, behind Michigan (13.7 percent).

In 2015, 44.6 percent of Pennsylvania’s school districts contracted out for food service provision. This is higher than any other food contracting rate in our survey, but only 1.8 percentage points higher than Michigan.

While Pennsylvania has high rates of contracting overall, the rate of custodial service outsourcing in the state’s school districts is low. Just 9 percent of Pennsylvania school districts contract out for custodial services. In this category Michigan, Texas and Georgia all privatize at a higher rate than the Keystone State.

The area where Pennsylvania stands alone among states is the rate at which it contracts out for school transportation services — 66.4 percent. That is the highest contracting rate of any service in any of the five states surveyed this year. Only Michigan’s custodial contracting rate comes close at 52.2 percent.

A unique aspect of school bus contracting in Pennsylvania is the large number of contractors available to and used by school districts. The Tuscarora School District in Franklin County, for example, contracts with 17 different private transportation providers. Many other districts have similar arrangements with a wide variety of private transportation firms.

The map below shows that contracting out for school support services is common in every region of Pennsylvania.

2015 Survey Results: Ohio

Ohio shows up on the opposite end of the contracting spectrum compared to Michigan and Pennsylvania. Its overall contracting rate is just 16.6 percent. Only five districts (0.8 percent) in the Buckeye State contract out for all three major noninstructional services.

In 2015, 10.7 percent of Ohio’s 614 school districts contracted out for food service, the second lowest in our five-state survey — only Georgia had a lower rate. Just 4.2 percent of districts contracted out for custodial services, lower than the rate in Michigan in 2003. Transportation contracting was also low in Ohio at 6.5 percent, but two states in this survey (Georgia and Texas) had lower rates than this.

The map below of Ohio’s school districts provides a geographical perspective on the use of contracted services in the state. It appears that privatizing noninstructional services is more common in both the southwestern and northeastern regions, though these are not strong trends. Nearly every region of the state has at least some districts experimenting with contracting out for services.

*Ohio’s privatization rate is likely lower than nearby Illinois too. The Illinois Policy Institute found in 2008 the state’s overall contracting rate to be 56 percent. Even if that figure dropped dramatically in the past seven years it would strain credulity to suggest it fell below Ohio’s rate. Collin Hitt, “A Survey and Overview of Privatization in Illinois’ Public Schools,” Illinois Policy Institute, July 24, 2008, http://perma.cc/4D72-AFZE.*
The overall contracting rate in the Peach State — which has just 180 school districts — was 38.3 percent. Despite this reasonably high overall figure, Georgia school districts maintain some of the lowest rates in the survey for particular services and no district contracted out for all three services.

Just 2.2 percent of school districts in Georgia contracted out for food service, the lowest rate for this service in the survey. However, 36.7 percent of districts contracted out for custodial services, the second-highest rate of the five states. Finally, only 1.7 percent of school districts privatized transportation services in Georgia, the lowest figure for any particular service found in this survey.

The map below suggests that there are some areas of the state more inclined to privatize than others. The southcentral region, around the city of Tifton, appears to be an area where a cluster of districts have contracted out for noninstructional services. The northwestern part of the states also appears more open to contracting out compared to the rest of the state.

**Graphic 11: Map of School Support Service Privatization in Georgia, 2015**
2015 Survey Results: Texas

Of the 1,024 Texas districts that responded to our survey (only one did not), 22.8 percent contract out for at least one of the three major noninstructional services. But only nine districts (0.8 percent) contract out for all three services, the same rate as Ohio.

In 2015, 14.9 percent of school districts in Texas contracted out for food service, 9.9 percent of districts did the same for custodial services and 3.7 percent used privatized transportation services. These rates put Texas in the middle of the pack in each category among the five states surveyed.

The map below shows which districts in Texas are contracting out for school support services. In nearly every region, there are at least some districts that privatize. However, it appears that in the western part of the state, the practice has not been tried much.

Graphic 12: Map of School Support Service Privatization in Texas, 2015
**State Comparisons**

The graphs below show the differences among the five states in 2015 in the overall outsourcing rate and the outsourcing rate for each of the three major noninstructional services: food, custodial and transportation.

**Graphic 13: Percentage of Districts Outsourcing Food, Custodial or Transportation Services, 2015**

**Graphic 14: Percentage of Districts Outsourcing by Service, 2015**
Acknowledgments

The authors would like to thank the following Mackinac Center interns for their help in conducting the survey and this accompanying report during the summer of 2015:

- Wyatt Bush,
- Janelle Cammenga,
- Nathaniel Lehman,
- Jonathan Moy, and
- Philip Schlosser.

The authors would also like to thank the following individuals and organizations who provided consultation and aid in surveying school districts in Georgia, Ohio, Texas and Pennsylvania:

- Benita Dodd and Kelly McCutchen at the Georgia Public Policy Foundation;
- Dennis Cauchon and Greg Lawson at the The Buckeye Institute for Public Policy Solutions;
- James Quintero, Caroline Espinosa, Joshua Treviño, Robert Henneke and Chuck DeVore at the Texas Public Policy Foundation; and
- Matthew Brouillette and Nathan Benefield at the Commonwealth Foundation.
Appendix A: An Excerpt from “A School Privatization Primer”

The following text is taken from the Mackinac Center for Public Policy book, “A School Privatization Primer for Michigan School Officials, Media and Residents.” Some of the text has been edited and references removed. Some of the data is dated, but the thrust of the information remains a useful guide.

10 Contracting Rules of Thumb

1. Begin at the End

School officials wishing to competitively contract services in their districts must begin with the end in mind and work backward. Hence, districts contemplating contracting may wish to review the results of similar contracting attempts in other districts (examples are easy to find), noting particular processes and contract details related to the following questions:

- What were the results of the contracting over time (not just in the first year)?
- What were the results after the first year?
- Was the contract renewed?
- Were district officials forced to warn the contractor at any time of perceived performance shortcomings?
- Did either the displaced district employees or the union representing them file an unfair labor practice complaint against the school board or try to interfere in other ways with the transition?

2. Visit Other Districts

More than [70] percent of Michigan school districts contract out for at least one of the three major noninstructional services. Out of a sense of collegiality and professional courtesy, many officials in districts that contract a service will be happy to answer questions from their peers in other districts, give facility tours and discuss how their private contractors operate.

During the privatization process, private vendors that have submitted a proposal to a district will typically invite board members and the superintendent on a tour of another building or district where the vendor is already established. Officials should take these tours but remain careful not to rely on them, because a vendor will naturally select only the gems they wish to showcase. Prudence dictates that officials themselves should select schools districts contracting with particular vendors and tour the facilities without the vendor present. Doing so makes it easier to interview a vendor’s staff and to talk to students and school personnel about the contractor’s performance.

Writing in the April 1998 issue of The American School Board Journal, education experts William Keane and Samuel Flam listed the site visit as one of the top six things district officials can do to reduce opposition:

We cannot emphasize enough how important it is to see a privatization experiment with your own eyes. But seeing it is only part of your responsibility. You also need to ask tough questions, such as: How much money has privatization saved? How many district employees were laid off as a result of privatization? And, how has the quality of the privatized service improved or declined? If you don’t get straight answers and concrete examples, you should be concerned.

3. Employ a Timeline

Skillful project managers understand that they face two major constraints in bringing any project to a successful conclusion: time and resources. Project management has practically become a science over the years, and sophisticated tools, such as project management software, have been developed to help managers meet tight budgets and deadlines. Regardless, for most school districts, a pencil and a legal pad will do just as well at the planning stage.

Simply write out the date by which the district would like to reach its final milestone in a particular contracting process. This milestone might be the school board’s approval of a deal or the first renewal of the contract. The important thing is to recognize that time is a serious constraint. By starting from the ideal finish date and working backward through a list of the project’s milestones, the district’s project manager can better determine what needs to be accomplished and when.

The timeline [below] is taken from the SPP RFP for custodial services. The dates indicate how long a district might take to reach each milestone, but because they are based on an actual contracting process in which the district was under time pressure, the intervals shown in the timeline may be shorter than desirable in other bidding and contracting situations. For instance, management consultant Mark A. Walsh, writing in The School Administrator, recommends that new bids for a bus contract be solicited “five to seven months prior to the expiration of the [current school transportation] contract.”

In an RFP, a timeline is spelled out by the district for the benefit of potential vendors, but the timeline should also serve as part of the district’s project planning.
4. Cast a Wide Net

If the bidding, awarding and monitoring processes are well-executed, competition between vendors seeking a school district’s business can drive the price down and the quality up. Generally speaking, experts in the field of competitive contracting recommend that to ensure a sufficient level of competition, at least three vendors be encouraged to compete in a bidding process.

Like competitive contracting itself, this concept is nothing new. In his 1940 tome “Pupil Transportation in the United States,” M.C.S. Noble Jr. of the Teachers College at Columbia University published data on the “Relationship Between the Number of Bids Received and the Cost per Pupil per Month” of privatized school transportation. Mr. Noble reported that at the time, more than 63 percent of all school buses in the United States were privately owned. The data in the table from the 1940 study [below] shows that the greater the number of bids, the lower the ultimate cost of providing the service.

### Graphic 14: Number of Bids and Per-Pupil Costs for School Bus Services (1940)

<table>
<thead>
<tr>
<th>Number of Bids Received Per Bus</th>
<th>Cost Per Pupil Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>$1.67</td>
</tr>
<tr>
<td>9</td>
<td>$1.90</td>
</tr>
<tr>
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<td>1</td>
<td>$2.89</td>
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<td>0</td>
<td>$2.93</td>
</tr>
</tbody>
</table>

Source: “Pupil Transportation in the United States,” M.C.S. Noble Jr.

Competition is the key to successful contracting. Consider the case of an Upper Peninsula district that retains two buses in-house to ensure competitive pressure on the limited number of private busing vendors willing to work north of the Mackinac Bridge. Randall Van Gasse, superintendent of the Norway-
Vulcan Area Schools, reports that his district has been contracting for bus services since the 1940s, but when new routes open up, the vendors must compete with the in-house drivers for the business. The competition the private vendors face, he notes wryly, “keeps them honest.”

Noble’s findings and Van Gasse’s experience underscore the importance of ensuring that there is robust competition for a district’s business. They also drive home that competitive contracting in school districts is a time-tested approach. Indeed, what is intriguing about Noble’s book is its demonstration that “past is prologue.” Districts today are debating subjects wrestled with more than 60 years ago.

5. Develop RFP Specifications Independently

A district can certainly look at the specifications in other school districts’ contracts, but district officials should ultimately decide on the RFP and contract specifications independently. In particular, they should not consult potential vendors regarding these specifications. It may be tempting to ask a vendor for help given the vendor’s expertise and the complexity of the contracting process, but vendor participation in creating specifications is clearly contrary to the district’s own best interests.

First, in food contracting, conferring with a vendor on RFP specifications is prohibited by the federal government. Second, there is a good reason for this prohibition, so districts should avoid such practices even when contracting other school support services. The prohibition exists because too many districts (not necessarily in Michigan) have relied on specifications that may have been designed to thwart rather than facilitate competition. Even a contractor with the best of intentions may subtly skew the RFP in ways that limit the number of competitors or deny the district the wide range of bids that are most likely to provide low cost and high quality service.


The competitive contracting job is not over when the initial deal is struck. District officials have a clear duty to ensure that the contractor meets the specifications they have laid out in the RFP and the signed contract. Indeed, the individuals assigned to ensure that the contractor meets the district’s needs and contract provisions should be selected while the RFP is being assembled. This will give the eventual contract monitor the opportunity to develop an institutional memory of the particular contracting process, the personalities involved and the responsibilities of each party in the final contract.

It is important that the contract monitor have no conflict of interest. That is, oversight must be conducted by an individual with nothing to lose or gain personally from measuring and reporting on the performance of the contractor. For example, a district cannot fully rely on information about a contractor’s performance from an observer who has close friends or relatives who either lost or received their jobs because of privatization.

John Rehfuss, author of the Reason Foundation’s “Designing an Effective Bidding and Monitoring System to Minimize Problems in Competitive Contracting,” suggests that rather than using a monitor from the school department that originally provided the service, districts consider using “centralized monitors” who work in the contracting office, “usually the purchasing or procurement office.” He argues that although these monitors may be less familiar with the operational details of the service, they tend to be very familiar with the contract itself. “Being more removed from the program,” Rehfuss observes,
“they are more likely to be disinterested, objective monitors and treat contractors more consistently.” Rehfuss argues that good centralized monitors ultimately “can become the basis of an experienced cadre of contracting officers” and reduce the “possibility of collusion between [district] program officers and the contractor.”

Likewise, contact between the monitor and bidders should be minimized during the bidding process to preclude not just impropriety (such as providing one contractor with exclusive insider information), but also the appearance of impropriety. This same restriction should apply to other district officials as well.

Kenneth P. May, author of the study of contracting in New Jersey, also recommends that a checklist be developed from the specifications of the RFP. The contract would then specify that the checklist be used in evaluating the contractor’s performance, and the contract would then detail penalties for repeated poor evaluations.

This approach has merit. A checklist arranged in advance will warn a contractor what level of service must be provided, provide a paper trail in the event that a district needs to penalize a contractor and encourage a monitor to provide a more complete and objective measure of the contractor’s performance than the monitor might otherwise be inclined to give.

7. Choose a Point Person

The district should choose an individual to be the public face and voice of the privatization effort. Likely candidates include the superintendent or a business officer, but whoever is chosen, it must be clear that he or she has the support of the superintendent and board. Opponents of privatization may work to sow disagreement among key decision-makers in an attempt to thwart the contracting process. A united front will be helpful, even if the unity involves no more than a commitment to simply exploring the topic.

The point person should possess a number of characteristics. First, he or she should have a measure of courage. A point person should be able to maintain his or her composure despite midnight phone calls from hostile individuals and repeated name-calling, boos, hisses and guffaws at school board meetings.

Second, he or she should be media savvy. Privatization efforts are controversial, and controversy is a magnet for media coverage. School employee unions are familiar with media campaigns and are practiced at generating media coverage sympathetic to the union position. The point person must not only be familiar with counterarguments to union talking points, but must be adept at extemporaneously distilling these into quotable rejoinders.

Third, the point person should have experience in a high-profile leadership role. For public relations purposes alone, no district should delegate this key role to a person fresh out of college, for example. Yet gray hairs are not enough; a potential point person must be accustomed to executing complex projects despite public and private criticism.

Board members should be careful to defer public discussions to the point person. An agitated board member ad-libbing on unfamiliar details to a reporter could generate hard feelings, bad media, an unfair labor practice complaint and even a recall campaign.
8. Build a Team

However talented a superintendent or business officer may be, few individuals have the time or skills to single-handedly shepherd a major privatization program, including post-contract monitoring, to a successful completion. While each district’s situation is unique, at least three key people — in addition to the school board — should be involved in controversial privatization efforts.

The first person is the superintendent. Even if he or she does not play a role in investigating privatization, reviewing RFPs or selecting a vendor, the superintendent must be kept apprised of the process at every step. The public will look to the superintendent as the first and final arbiter of the decision to privatize, even though the decision is actually the board’s prerogative. This is why the superintendent often makes the ideal point person for privatization. As the top district official, he or she is usually held responsible for well-managed schools.

The second person is the business officer or equivalent, if the district has one. A good business officer is typically a trained accountant. He or she will bring to the table analytical and financial planning skills that are vital to a successful contracting effort, including the ability to understand and even perform a “full-” or “total-cost accounting analysis” that allows district officials to better gauge how much providing a particular service with the district’s own resources actually costs. For instance, the district may pay just one utility bill every month, but a good business officer can often estimate accurately what proportion of the total energy use is due to cafeteria operations. Such estimates allow the district to determine the full cost of providing food services in-house, as opposed to contracting the service with a food service management company.

Such estimates and financial expertise can be critical to a contracting process. Indeed, a school board should consider making a school business officer the project manager and even point person for the district’s privatization efforts. At the very least, superintendents who have business officers should work closely with them. When a privatization debate is raging, it is often business officers who can marshal a telling fact quickly, because they’re routinely elbow-deep in the finances as a part of their job.

The third person to involve in any privatization process is the district’s attorney (or attorneys). True, contracting for services is becoming commonplace, and districts can and do adapt other districts’ contracts to their own needs. But one can’t assume that what has worked in one district with one vendor will spell success in another. A well-written contract that anticipates a district’s specific needs can protect against unexpected charges from a vendor or complaints of unfair labor practices from a union. Lawyers cannot anticipate every problem, but they can minimize contracting pitfalls.

Inevitably, a district’s board is collectively the most important part of the district’s privatization team. If the majority have no desire to pursue privatization, then a fine point person, business officer and superintendent will be for naught. Once a decision has been made to explore privatization initiatives, it is imperative for key project personnel to keep the board informed and solicit feedback either through formal meetings or on an individual basis.

Of course, privatization team members and board members should confer within the bounds of the law. Violating the state’s Open Meetings Act, which mandates that certain meetings be to open to the public,
is illegal and a sure-fire way to cause a self-inflicted wound. That said, superintendents are not prohibited from speaking to board members individually.

One assistant superintendent said that he will speak to board members individually to solicit any questions or concerns they might have before the board actually meets. He recommends other superintendents do the same when contracting. By discovering in advance what questions board members want to ask at official meetings, a superintendent can be prepared to provide answers. This official says he has also privately helped prepare individual board members for potentially rancorous public reactions to privatization proposals at official meetings.

One last note: One district official who has been part of a contracting team recommends that the school’s Freedom of Information Act officer be alerted and kept on hand when the privatization process begins. A series of FOIA inquiries from opponents of privatization is likely to follow.

9. Recommend a Safety Net for Workers

Districts frequently request in the RFP that potential contractors give first consideration to existing district employees when hiring new people to provide the privatized service. This preference not only benefits the workers, who will naturally be uneasy about the loss of their current jobs, but the company itself. Indeed, most companies are eager to tap the institutional knowledge the current workers will bring with them. In Midland, [Mich.] Chartwells School Dining is actually scheduled to host a job fair for displaced employees and will bus those interested to a nearby district for a tour of a Chartwells-run cafeteria.

At the same time, the district should not mandate that the contractor hire school district personnel. Management flexibility is one of the attributes that allow a private contractor to save money in the first place, and the district will put its cost savings and service quality at risk if it removes the contractor’s ability to manage personnel independently.

10. Videotape Public Proceedings

As mentioned earlier, school board meetings will probably become much more controversial when a district’s decision to privatize services becomes public. For legal and strategic reasons, the board should have the meeting videotaped, a recommendation made by Jim Palm, an assistant superintendent for the Berrien County Intermediate School District. As Palm notes, videotaping will create an accurate record of what was said at board meetings, providing clarity in the event a grievance or a lawsuit is filed. A videotape will also enable the board to defend its actions to reporters and the public if questions are raised about school board comments or transactions at the meeting.
Appendix B: Revisions to 2014 Michigan Survey

Some Michigan school districts provided information about their contracts with private providers of food, custodial and transportation services that require us to make some corrections to the way these districts’ responses were categorized in previous publications. These are listed below.

- Chassell Township Schools was mistakenly marked as having privatized at least one service in 2014. The district considered contracting out but kept its services in-house.
- Grand Rapids Public Schools outsourcing only covers substitute custodial employees.
- Schoolcraft Community Schools contracts out for substitute custodians.
- Camden-Frontier Schools’ transportation services did not have a private bus manager in 2014.
- Kalkaska Public Schools has only special education transportation provided by a private sector contractor.
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