

Virginia Viewpoint

Privatize...for the Kids of Course

By Geoffrey F. Segal

Summary

Public schools provide a host of services not directly related to the education of students. By privatizing these non-education related functions, we achieve two positive results: 1) educators are allowed to focus on education; and 2) by injecting competition into the equation, we lower the cost and improve the quality of those services that have been outsourced.

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Functions such as transportation, food services, and cleaning and maintenance, can be delegated to private firms allowing school officials to focus on their core mission—educating Virginia’s youth.

While the recent focus on education has centered on vouchers, testing, and accountability, other issues have important implications for the proper management of public schools. Schools provide a host of services that bear no relation to their fundamental role of educating students. Functions such as transportation, food services, and cleaning and maintenance, can be delegated to private firms allowing school officials to focus on their core mission—educating Virginia’s youth.

Two statewide surveys of school districts in Illinois and Alabama showed that schools that privatized support services saved tax dollars and improved the quality of these functions. The districts were then able to reallocate the savings into core services—teachers’ pay, new textbooks and computers, and other instructional activities.

The three most common areas of privatization are in maintenance, transportation, and food service delivery. Savings differ for each. However, savings typically range from 12 to 25 percent.

There are twelve different maintenance services school districts identified as privatization opportunities. Those include HVAC maintenance, grounds keeping, and janitorial services. On average, districts that fully outsourced their grounds keeping saved 25 percent.

Transportation, or busing, is another area where significant savings are possible. A study by economists at Ball State University estimated that the costs for public ownership of school bus services can be as much as 12 percent more than if one contracted with a private vendor.

The Illinois and Alabama surveys found that food services are the least commonly privatized. Yet, nationally 17.5 percent of schools have outsourced their food service functions. In Alabama only two districts have privatized their food service, and although they outsourced only a portion of this function, they still enjoy the lowest cost per student in the state for the provision of food service by having saved nearly 28 percent.

However, both surveys confirmed that privatization is becoming critical in the provision of non-core services. In Illinois, for example, virtually every school district has outsourced at least one function with nearly a quarter of them having privatized at least ten. Of these districts, 41 percent

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reported that outsourcing was the only way they could provide a particular service either due to a lack of technical expertise, or because of budgetary constraints.

Additionally, the survey indicated that as budgets grew tighter, privatization increasingly became the alternative of choice, especially in the larger districts. Roughly one in four school districts expanded outsourcing programs in the past five years, with one in four planning to privatize more in the next five years—the rate of increase being greater for school districts with larger enrollments.

While saving money is important, delivering quality services is essential when thinking about our children. Despite the fact that school officials usually turn to privatization because of financial pressures and rising personnel costs, improving quality is every bit as critical. The Illinois survey indicated that quality enhancements were as important, if not more important, to outsourcing being perceived a success.

Privatization is not new to Virginia. School districts around the state have begun to outsource services not directly related to education. However, much remains to be done. It's worth noting that the Alabama and Illinois surveys also found that once school officials successfully privatized a function, they were more likely to look for additional opportunities. Furthermore, officials also rely heavily on experiences in neighboring school districts for guidance. In fact, networking among school officials is an important, if understated, part of the decision making process, playing a role in information gathering and contract monitoring. It's critical that districts that have outsourced communicate their experience to their colleagues.

Perhaps the most important data from the surveys is that two-thirds of school officials rated privatization a success. Only four school districts in Alabama reported that it had failed, with one in five reporting it had mixed results. With roughly 20 percent of education budgets being spent on non-education support services, the opportunities for savings are just too great to ignore. Outsourcing can be used to address budget challenges while directing more funds toward instructional programs. School officials across Virginia should carefully consider how non-core, non-education related services are provided in their own districts. Privatization, though not a panacea, can help school districts enhance the educational experience of Virginia's youth.

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