

# PERSPECTIVE

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## Privatization means more funding in classrooms

While the recent focus on education has centered on vouchers, testing and accountability, other issues also 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, cleaning and maintenance can be delegated to private firms allowing school officials to focus on their core mission of educating Kentucky's youth.

Two statewide surveys of school districts in Illinois and Alabama show that when schools outsource support functions, tax dollars are saved and the quality of these services improves. The districts are then able to reallocate the savings into core services such as teachers' pay, new textbooks, computers and other instructional activities.

The three most common areas of privatization are in maintenance, transportation and food service delivery with savings of 12 percent to 25 percent.

There are 12 different maintenance services often identified by school districts as privatization opportunities, including HVAC maintenance, grounds keeping and janitorial services. On average, districts that fully

outsource their grounds keeping save 25 percent.

Transportation is another area where significant savings are possible. A study by economists at Ball State University estimates that public ownership of school bus services costs as much as 12 percent more than contracting with private vendors.

The Illinois and Alabama surveys indicate that food services are the least commonly privatized. Yet 17.5 percent of schools nationwide have outsourced their food service functions.

Two Alabama school districts have partially privatized their food service. Outsourcing only a portion of this function saves these districts nearly 28 percent and has resulted in the lowest food service cost per student in the state.

Both surveys confirm that privatization is becoming critical in the provision of non-core services. For example, virtually every Illinois school district is outsourcing at least one function with nearly a quarter privatizing at least 10 services. Forty-one percent of these districts report that outsourcing is the only way they can provide a particular service because of budgetary constraints or lack of technical expertise.

By Geoffrey F. Segal

### *Summary*

*(Total Word Count 677)*

***In the face of budget-cutting efforts nationwide, public school districts are discovering innovative ways to deliver non-core school services. Here is how Kentucky superintendents can redirect needed funding back into the classroom.***

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## **Privatization, though not a panacea, can help school districts enhance the educational experience of Kentucky students.**

The surveys also indicate that as budgets grow tighter, privatization increasingly becomes the alternative of choice - especially in larger districts. About one out of every four school districts has expanded outsourcing programs in the past five years. Twenty-five percent of districts plan to privatize more functions in the next five years. The rate of increase is greater for school districts

with larger enrollments.

While saving money is important, delivering quality services also 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 also is important. The Illinois survey indicates that quality enhancements make a vital contribution to the perception that parents and communities have of outsourcing.

Privatization is not a new concept. School districts around the country are increasingly outsourcing services not directly related to education. However, much remains to be done. The Alabama and Illinois surveys indicate that once school officials successfully privatize a function, they are more likely to look for additional opportunities.

Officials also rely heavily on experiences in neighboring school districts for guidance. Networking among school officials plays a critical role in gathering information, monitoring

contracts and making decisions about privatization. It's imperative that districts that are successfully outsourcing services communicate their experiences to their colleagues.

Perhaps the most important data from the surveys is that two-thirds of school officials rate privatization a success. Only four school districts in Alabama report failure while one in five convey mixed results. With about 20 percent of education budgets being spent on non-education support services, the opportunities for savings are just too great to ignore.

Outsourcing is being used across the country to address budget challenges while directing more funds toward instructional programs. School officials in Kentucky should carefully consider how non-education related services are provided in their own districts. Privatization, though not a panacea, can help school districts enhance the educational experience of Kentucky students.

*- Adapted from "Privatize...for the Kids of Course" that appeared in the March 2004 issue of Virginia Viewpoint, a publication of the Virginia Institute for Public Policy.*

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