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School Support Services Outsourcing:

The Original Privatization of Education

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Introduction

Every day, more than two million school support staff, also known as education support professionals or ESPs, ensure that schools can operate and students can learn. Each morning, students rely on school bus drivers to pick them up from home and bring them to school. The staff in the cafeteria cooks warm meals for breakfast and lunch, ensuring students have the energy to learn during the day. Custodians clean every classroom, hallway, bathroom, and shared space in the school and grounds to keep students and staff safe and healthy. Paraeducators work with students who may need extra attention and specialized support to set each student up for learning success. School nurses take temperatures, dispense medications, and soothe scraped knees. These are just some of the important careers that support students during the school day.

Unfortunately, these critical positions are being threatened. There has been much attention on privatization in education, with an emphasis on school voucher and charter school debates. These privatization efforts threaten to dismantle our public education system, siphoning off public dollars from public schools. But, within public schools, a similar dynamic is playing out with public dollars leaving schools and going to private corporations for the provision of school support services. Important school support services, including food service, custodial and building maintenance, transportation, clerical staff, school nurses and counselors, and paraeducators are being contracted out.

Privatization of school support services means that these vital jobs are no longer managed by the school and district and accountable to the community, but instead controlled by a private third-party for-profit entity, such as a multinational corporation or private equity firm. Contracting out often means that dedicated and experienced professionals providing these services within the school system are replaced with employees who are paid lower wages, often with little to no benefits, and who often live outside of the communities where they work. Ultimately, the quality of support services suffers and students lose trusted adults that routinely go above and beyond to ensure a safe, healthy, and high-quality learning environment inside and outside the school.

This report explores the threat of privatization of support services within the school system. Section 1 introduces the various services that provide support within the school, discusses why these services are critical to the success of students and the school, and gives a demographic snapshot of who school support staff are. Section 2 provides a deeper dive into the risks and impacts of privatization of support services. Section 3 explores why corporations are targeting support services and their business model, and why districts may be vulnerable to these types of proposals. Lastly, section 4 looks at efforts to push back against and prevent privatization in schools, including insourcing initiatives and policies that protect school support services.

SECTION 1

Who are School Support Staff and Why are They Important

School support staff are critical to school operations and student success. There are close to 2.2 million support professionals who work in U.S. K-12 public schools.[1] These support professionals are an integral part of the school community, and their jobs cover a broad array of important operational duties and services for students. Without the provision of these types of services and the workers who provide them, schools would not be able to open their doors. When we discuss school services, we are referring to services such as:

- Food and Nutrition Services
- Custodial and Maintenance Services
- Transportation Services
- Clerical Services
- Health and Student Services
- Skilled Trades
- Security Services
- Technology
- Paraeducators, such as teacher's aides or special education instructional assistants

These positions impact every moment of the school day, from getting students safely to school in the mornings, to ensuring that the building is clean and safe, feeding students, completing important administrative tasks throughout the day, helping children take required medicines, providing extra support to children experiencing learning difficulties, filling in for sick teachers, and so much more. Many of these positions ensure that the school adheres to local, state, and federal rules and requirements, such as food nutrition guidelines or public health procedures.

In all these career categories, school support staff routinely go above and beyond their official job descriptions and consistently show their deep dedication to students. For example, custodial staff may help a student open a stuck locker or perform an extra deep cleaning of a classroom when a child gets sick at school. Food service staff may prepare snacks for special school events, while clerical staff may provide tours of the school to new students and their families. School bus drivers may help prevent and intervene in bullying as they are often the first adult to witness this type of behavior. In a survey, 40 percent of bus drivers indicated that a student had reported bullying to them in the previous month.[2] Paraeducators develop deep relationships with students and their families, helping them identify and overcome obstacles to learning and ensuring the students have the resources and adaptations they need to succeed at school. Staff working across all these career categories deeply care about their students. A recent survey revealed that two-thirds of support staff have given money out of their own pockets to help students with school supplies, field trips, and class projects.[3]

In the past several years, school support staff have put even more time and effort into their jobs, rising to the challenge of mitigating the risks of the COVID-19 pandemic inside schools. Custodial staff have put in countless extra hours disinfecting schools. Maintenance staff have worked hard to ensure air systems are circulating clean air in school buildings. School nurses not only help students who need medicine during the day or who become sick at school, but also, during the pandemic, tracked COVID-19 cases at the school, performed contact tracing to notify close contacts of potential COVID-19 exposures, administered COVID-19 tests, and more. Bus drivers in New Castle, Delaware's Colonial School District, whose regular responsibilities have included caring for medically fragile students with special equipment and physical needs, delivered meals to isolated students and their families during the pandemic.[4]

In Las Cruces, New Mexico, where nearly half of the children live in poverty, school support staff worked hard to ensure that thousands of families in need received meals when schools closed during the COVID-19 pandemic. While school food service and district staff prepared and bagged grab-and-go meals for distribution sites, custodians helped with the heavy ice chests, picked up any trash after distribution, and helped ensure safety and sanitary precautions were taken. Due to the significant need, there were two shifts, with the first from 6:30 a.m. to 2:00 p.m., and the second from 2:00 to 8:30 or 9:00 p.m. As Rita Morales, a custodian for the district explained, "My shift has 13 workers—three bagging the breakfasts, three bagging lunches, three bagging vegetables and fruits, and three wrapping the hot main entrée, and myself…I'm so proud to be part of the Las Cruces response to this crisis. I love my job, and I work for my kiddos."[5]

In Maple Heights, a suburb of Cleveland, school support staff rose to the challenge of responding to the COVID-19 pandemic. Tech professionals helped everyone move to online learning environments; cafeteria workers made sure students and their families received nutritious meals; bus drivers delivered learning materials to students; and paraeducators and library media clerks joined teachers in their virtual classes to ensure students had what they needed to learn. Andrea Beeman, a special education paraeducator in Maple Heights who was awarded NEA's 2020 Education Support Professional of the Year, explained "Together, we mobilized to do wellness checks. We made hundreds of phone calls to students and their families. When we didn't get an answer, we had our teams knock on their doors to see if there was a problem we could help them resolve."[6]

Across all the career categories, school support staff develop deep relationships with students and teachers. These deep relationships are essential to student success. Research shows that relationships between school staff, including custodians, paraeducators, cafeteria workers, and students are as important in predicting students' behavioral and academic success as parent-student relationships.[7] School support staff also help create a supportive and safe school culture and learning environment. It is important for schools to have

deeply committed school support staff to serve as familiar and trusted adult connections to students year after year and to actively foster these types of critical connections. As Dr. Lori Desautels, a professor at Bugler University's College of Education who studies student adversity and trauma, explains, "All ESPs, including bus drivers, food service professionals, and custodians, can see important patterns in students' lives. ESPs are critical touchpoints in the effort to help our students cope with behavioral concerns."[8]

Demographic Analysis of School Support Staff

Given the importance of these career categories in the operations of schools and in the safety and well-being of students, it is important to better understand who school support staff are. As noted above, there are over 2.2 million K-12 school support staff in the U.S. The following chart shows how this workforce is distributed in various career categories in 2020, the latest data available.[9]

Career Type	Percentage
Custodial	15.8%
Security	1.4%
Food Service	11.5%
Health	1.5%
Paraeducator	39.4%
Clerical	16.3%
Technical	3.4%
Skilled Trades	1.5%
Transportation	9.2%
Total	**100%**

Research also shows that 79.6 percent of school support staff are full-time employees, while only 20.4 percent are classified as part-time.[10] This indicates that the vast majority of school support staff are spending considerable time in schools interacting with other staff and students very regularly.

The workforce is overwhelmingly female, with 73 percent of all school support positions being performed by women. Certain school support services have an even higher proportion of female workers. For example, females comprise 94 percent of food service staff, 87 percent of school health staff, 87 percent of paraeducators, and 94 percent of clerical staff.[11] The average age of the total workforce is 48 years.

The following chart shows the racial/ethnic make-up of this workforce in the U.S. Overall, 40 percent of school support staff are racial/ethnic minorities. However, the racial/ethnic make-up of this workforce can vary from state to state, and in a number of states, the proportion of minority school support staff is much higher. For example, 69 percent of school support staff in the District of Columbia and 49 percent in Mississippi are Black. In New Mexico, 57 percent of school support staff are Hispanic, as are 52 percent in Texas. In Hawaii, 46 percent of school support staff are Asian, while 18 percent are Native Hawaiian or Pacific Islander, and 19 percent report two or more races. Similarly, 28 percent of school support staff in Alaska, 16 percent in South Dakota, and 13 percent in New Mexico are Native American.[12]

Race/Ethnicity	Count	Percentage
White	1,305,478	59.8%
Black	327,142	15.0%
Asian	61,924	2.8%
Hispanic	433,349	19.8%
Native American	21,022	1.0%
Native Hawaiian/Pacific Islander	4,146	0.2%
2+ Races	31,640	1.4%
Total	**2,184,701**	**100%**

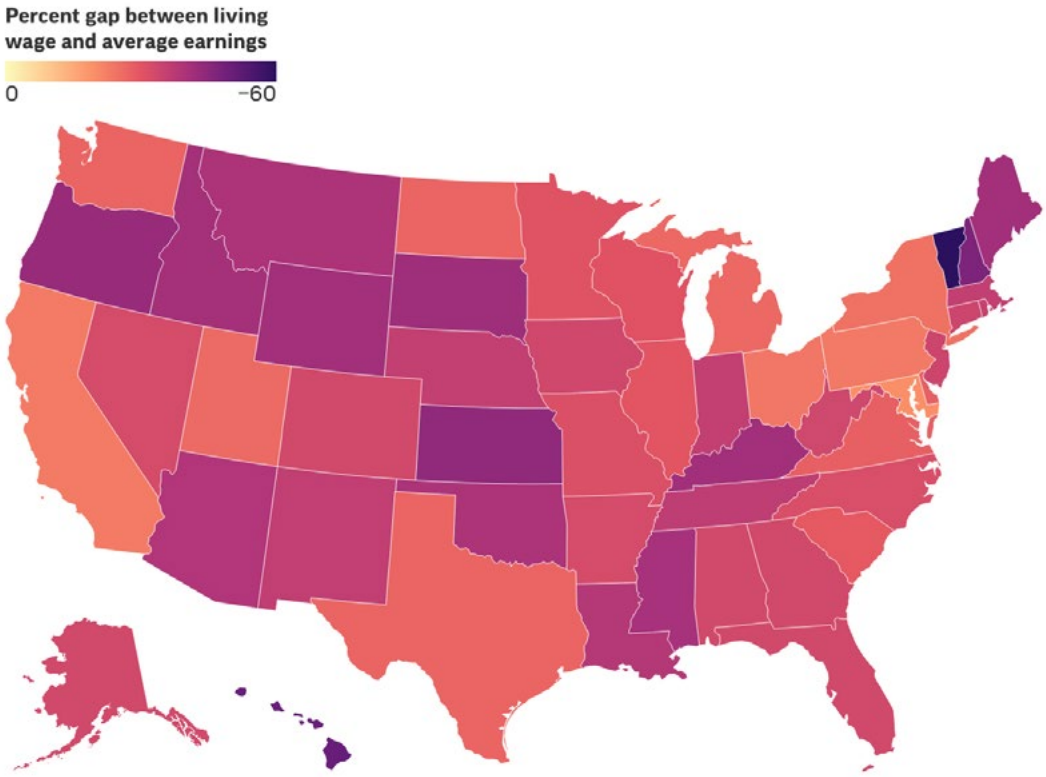
School support staff are typically among the lowest paid positions within a school. The following chart contains average annualized full-time wage data[13] for each type of school support service career from May 2021 data from the Bureau of Labor Statistics. It is important to note that these annual pay figures are the amount that a worker would receive if they were full-time, year-round employees. Many of these positions are not year-round positions, and some support staff do not work full-time hours during the school year, so for many support personnel, their actual annual pay may be lower than these figures. For comparison, the average annual teacher wage was $67,980.[14]

Career Type	Average Annualized Wage*
Food Service	$ 31,310[15]
Transportation	$ 40,460[16]
Custodial and Maintenance	$ 36,660[17]
Paraeducators	$ 34,230[18]
Clerical	$ 42,420[19]
Nurse/Healthcare	$ 62,143[20]

**These figures are annualized but because many support professionals do not have full-year contracts, most make less than indicated.*

Many school support staff struggle to make ends meet and fail to make a living wage. Research shows that during the 2021-2022 school year, 13 percent of full-time support staff earned less than $15,000, and 26.6 percent earned between $15,000 and $24,999.[21] Across the country, the average salary paid to these workers is below a basic living wage in every state.[22]

ESPs Make Below a Living Wage in All 50 States and DC



All education support professionals (ESPs), in K-12 public schools and higher education. Based on income needed for family of one adult and one child to have a modest but adequate standard of living in the most affordable metro area, 2020 dollars.

Source: NEA ESP Earnings Report, April 2023 & Economic Policy Institute Family Budget Calculator, March 2022

This is in line with what school support staff report themselves. A recent survey by the National Education Association found that 32 percent of school support staff reported having a serious issue making a living wage, while another 21 percent reported that this was a moderate problem for them. More than a quarter of school support staff reported participating in or utilizing public assistance programs, with seven percent utilizing free grocery or free meal programs, seven percent participating in Medicaid, and four percent using SNAP benefits.[23]

Wages have also failed to keep pace with inflation. While the average salary for school support staff working full-time rose from $31,905 in 2012-13 to $35,401 in 2021-22, when adjusted for inflation, the earnings in 2013 dollars have actually declined from $31,905 to $28,734.[24]

Lastly, 75 percent of school support staff live in the community in which they work.[25] This means that the vast majority of support staff live in the same neighborhoods as students, shop at the same stores, and worship at the same places. Not only do students interact with the adults in support positions every day at school, but they regularly see them out and about in their communities as well.

SECTION 2

How Privatization Impacts School Services Provision

While the privatization of each type of school support service presents particular risks, there are a number of problematic issues that can result in negative impacts to the students, school, workers, and the community that cut across all these services. These issues include loss of public control over school services, lower quality services, loss of the school's ability to respond to emergencies, loss of accountability and transparency, loss of institutional expertise, and ultimately, a change in school culture. This section explores each of these impacts in greater detail.

Loss of Public Control Over School Services

One immediate impact of privatization is the loss of public control over school support services. When private contractors take over school support services, school administrators, the school board, and other school and district leaders lose their ability to directly manage and direct school support staff. In turn, staff, students, parents, and community stakeholders lose their direct connection to the management and operation of school services. School districts may no longer have the ability to plan student busing routes, set standards for the cleanliness of school bathrooms, set menus for student lunches, and many other important decisions that impact a school's ability to successfully operate.

Not only do district and school leaders and the community lose public control over these services, but the public purpose of these services is compromised. Instead of operating with the aim of providing high quality services for the school and students, these services become profit-making enterprises for contractors, with the aim of extracting profits. School leaders are confined to provisions set forth in the contract, making it difficult to demand changes from the contractor while giving up direct control and decision-making ability over the service.

Lower Quality Services

When school services are contracted out, the quality of the service often suffers. A broad range of research shows that public services do not improve after being contracted out.[26] Contractors often reduce operational costs through reducing inputs into the service. For example, contractors may use fewer employees to perform a service, reduce the number of workers assigned to a school or working a particular shift, provide less training, use inferior materials, or engage in other cost-cutting measures which directly impact the quality of the service.

In a University of Oregon analysis of contracting in three school districts in the state, researchers consistently found that the quality of services decreased following privatization. Two of the three districts were forced to cancel their janitorial services contracts, as the quality of these services were substandard, including problems with cleaning materials and equipment used by the private company.[27] Food services have been repeatedly cited in research as an area where privatization diminishes quality. Specifically, there have been concerns over the nutritional value of the food that private contractors serve students. A study by a researcher at the University of Michigan found that private food service in Michigan schools was associated with a one to three percent reduction in scores on the Michigan Educational Assessment Program tests for students in 3rd through 9th grades. Meals with higher fat content and lower nutritional value can hamper student learning and test taking abilities.[28]

Using staffing services for filling school support positions like special education paraprofessionals or school nurses and other health-related positions can also impact the quality of services. These workers are usually temporary and lack both the institutional knowledge about the school and relationships with students needed to provide high-quality support and care. Due to the temporary nature of the position, they may not be able to or have the motivation to become part of the community of the school.[29] For example, the National Association of School Psychologists acknowledges that there has been an increase in contracted school psychological services, but they assert that school psychological services are most effective when provided by school-employed school psychologists. They caution that contracted mental health providers may not have the necessary credentials to provide adequate services to students and families and may only be able to offer a limited scope of services. They may also not be able to fully integrate with the school setting due to the temporary nature of the contracted position. All these issues can prevent students from getting the care that they need and that the district is often legally required to provide.[30]

Additionally, it can be difficult to design contracts to truly capture the full extent of school support services jobs and responsibilities. Many school services can be more complex than they appear on the surface and the quality of the service can be difficult to measure in a contract. For example, it is difficult to exhaustively list all the issues for which contracted paraeducators may need to help students. School janitorial staff may have set cleaning duties, but may also need to respond to ad hoc situations, such as opening jammed lockers, asking unauthorized individuals to leave the building, or intervening in fights between students. Contracted school services staff may not be encouraged or even authorized to respond to emergency situations or perform tasks outside the scope of the contract, as in-

house staff could. As a result, the scope of the service may be more limited under a contract, leaving less routine or ad hoc tasks neglected.

In 2014, the Chicago School Board signed three-year contracts with Aramark and SodexoMagic to clean the city's schools. By privatizing janitorial services, the district hoped to save up to $40 million over the contract period.[31] *The companies reduced costs by cutting corners on staffing. Shortly after the start of the following school year, Aramark laid off 290 janitors.*[32] *The schools became plagued with problems stemming from the layoffs, including filthy classrooms, spilled milk left uncleaned, and overflowing garbage cans sometimes not emptied for weeks. Cockroaches, mice, and bugs, which were attracted to the trash, overran the buildings, and a number of schools were compelled to call exterminators.*[33]

Lack of Cost Savings

Although many schools contract out support services with the goal of saving the district money, privatization does not guarantee cost savings. While contractors seek to minimize operational costs, as discussed above, costs of high executive and managerial position salaries and marketing expenses, along with a profit margin must be factored into the contract price. Moreover, the school district incurs costs for administering and monitoring the contract. Contractors may also low-ball their bid to win a contract but end up adding costs once they are operating the service. This means that contracted services often end up being more expensive than schools employing their own personnel.

For example, a study of school bus outsourcing in Pennsylvania found that in 29 school districts that increased contracting out substantially, the median increase in transportation costs equaled 16 percent in the year after privatization. By five years after privatization, transportation costs increased 26 percent in inflation-adjusted terms.[34] Similarly, in 2016, the District of Columbia's Auditor's Office investigated the DC Public Schools food service contracts and found that contractors year after year failed to produce promised cost savings.[35] In 2015, Chicago Public Schools' custodial contractor, Aramark, charged the school district $22 million more than the agreed-upon price for the first year of the contract. When asked about the cost overruns, district officials stated that one factor was the miscalculation of how many custodians would be needed for certain buildings. As a district spokesperson explained, "I know initially Aramark said they'd be able to clean our three buildings—the branch building, the module and this main building, which is just a sprawling giant—they'd be able to clean it with three and a half employees, which is just not realistic in any way, shape, or form."[36]

Research shows that cost overruns in contracted-out school services are fairly common due to misleading cost benefit analyses, loopholes in contracts, and unaccounted indirect costs.

In a review of cost-benefit analyses that school districts used to justify their contracting decisions, researchers found that financial figures are based on faulty assumptions, old data, or no reason at all, making cost savings seem easy to attain. In reality, these school districts often lose money instead of saving money. For example, indirect costs that the school district must incur, such as the costs related to time devoted to the procurement process and on-going contract management, are often not included in the district's cost-benefit analysis. Many contracts do not place caps on costs and/or allow for higher rates for unforeseen services, allowing the contractor to bill the school district for more than the base amount and causing "sticker shock" to schools when the bills from the contractor come due.[37]

Loss of District's Ability to Respond to Emergencies and Unanticipated Events

Contract employees are often not able to respond to emergencies or unanticipated events in the same quick manner that public school support staff can. As discussed above, public school support staff routinely put in extra time and effort into the services they provided to ensure that schools and students were safe and healthy during the COVID-19 pandemic. In some districts, amazing collaborative efforts happened during the pandemic such as food service staff preparing and packing meals for home delivery, custodians loading the meals on buses, food service employees boarding the buses to drop the meals on doorsteps as bus drivers drove the routes, joined by paraeducators who were on board with homework packets. However, corporations often limit the services that their employees provide as a way to control operational costs. When emergencies strike, contracted staff may not be able to provide assistance if those tasks are not included as duties in the contract. For example, deep cleaning procedures may be outside the scope of a custodial services contract, health-related contract tracing may not be included in a school nursing contract, or a transportation contractor may not be able to quickly respond and change bus routes at the last minute if certain roads are blocked due to an emergency. Transportation contracts may only include a specified number of special use provisions, limiting the number of field trips and other types of outside-school learning opportunities that schools can engage in, even if special or unanticipated off-campus learning opportunities arise.

When Hurricane Irma hit in September 2017 in Hillsborough County, Florida, school support staff played an important part in responding to the emergency. When a school became an emergency shelter for residents, school custodians worked around the clock to ensure that the shelter was clean. As civics teacher Scott Hottenstein recalled, "Our entire custodial staff moved their families to the school for 48 straight hours to serve the community." When the school board debated privatizing custodial jobs in 2019, he asked the board, "Are you going to get that with privatized janitorial services?"[38]

Loss of Transparency and Accountability

When a school service is contracted out, students, parents, and other community stakeholders can lose access to important information about the service, workers providing the service, and its operations that were once public. While open records laws vary from state to state, in many cases, contractors are not required to release even basic information, like names or wage information of its employees working in public schools, both of which are typically public information when these services are provided by public employees employed by the school district. The actual contract between a school district and private entity may be heavily redacted if publicly released, shielding important information from the public's view in the name of protecting a contractor's "proprietary information." Beyond basic information, data about contractor operations, expenses incurred related to a contract, employee background check compliance, and ongoing performance may also be limited or unavailable to the community, journalists, researchers, and other members of the public, which makes it difficult to hold a contractor accountable for their performance.

Additionally, privatization of school services can blur the lines of accountability when there are problems with the service, making it difficult for students, parents, and other stakeholders to get the problem resolved. It can be difficult to hold a contractor accountable when stakeholders are unclear who is ultimately responsible for service quality. For example, Worcester Public Schools in Massachusetts recently made the decision to operate its transportation service in-house after numerous problems with their long-time contractor, Durham School Services. As a Worcester school committee member explained, "We were frustrated with everything, from [the company] not letting us know when they didn't have enough bus drivers [to] not letting us know when buses were going to be late. They wouldn't have enough people staffing phones." Drivers and school administrators report that one of the biggest benefits of in-house service is that accountability for any problems becomes much clearer. As one driver explained, "The biggest change was not having to deal with any more finger-pointing between the school system and a bus contractor when something goes wrong." Now district employees directly take questions and complaints from parents and students about late buses at a central office. Under the outsourcing contract, only school staffers were allowed to call the contractor with issues. In addition to clearer accountability, Worcester school

leaders estimate that operating transportation services in-house has saved the school system about $3.5 million during the 2022-23 school year. Part of these savings has gone to increasing bus driver wages, from $24 an hour under the contractor to about $30 an hour with the school district.[39]

Loss of Institutional Expertise

School support staff are dedicated to their careers. On average, they have been employed in school support staff positions for 13 years. Nearly 80 percent intend to stay in the school support field and 67 percent plan to stay in their current profession until retirement.[40] These long-standing members of the school community have specialized institutional expertise and experience in their job area that brings value and efficiencies to school operations. Privatization often results in a school losing this staff and being replaced by workers with less experience, less training, and less connection to the school community. This loss of dedicated public support staff is a cost that is not easily captured in any cost analyses, but presents real and negative everyday impacts to students, teachers, parents, and the community.

Reduced Labor Standards Contribute to Reduced Racial and Gender Equity

When school services are privatized, positions employed by the contractor often provide lower wages, reduced benefits, and little or no retirement security.[41] Contractors effectively turn these positions into poverty-level jobs in an effort to reduce labor costs. A study examining the effects of outsourcing on contracted food service workers in K-12 public schools in New Jersey found that contractors, including Aramark, Sodexo, and Compass, cut cafeteria workers' wages by $4-6 an hour following the privatization of food service. Many workers also lost their health insurance, leaving them uninsured or dependent on Medicaid or children's health insurance programs.[42] When the Metro School Board in Nashville, Tennessee, outsourced custodial positions to GCA Services Group in 2010, daytime custodians' hourly compensation decreased 23 percent from $19.60 per hour in wages and benefits when they worked for the district to only $14.85 per hour in wages and benefits once GCA took over the service.[43] As discussed in Section 1, school support positions are among the lowest paid in the school, so these wage and benefit reductions associated with privatization impact the workers who are already at the bottom of the compensation ladder the hardest.

This wage and benefit reduction also disproportionately impacts women, as the vast majority of school support staff are women. Likewise, workers of color, especially Hispanic and Black workers, are also disproportionately impacted since workers of these racial/ethnic groups are employed by many school districts at higher rates for school service positions. This erosion of labor standards for school support positions not only hurts individuals and families, but increases economic, gender, and racial inequality, especially within the local communities where outsourcing takes place. As for-profit corporations secure new contracts and increase profits, money is disproportionately taken directly out of the pockets of low-income workers, women, and people of color.

Not only do workers lose stability and middle class footing when contractors pay low wages and provide minimal benefits, but the public often incurs the costs of filling in income gaps through increased use of public assistance programs. In some cases, contractor pay is so low that employees must turn to public social safety net programs to make ends meet. When contractors fail to provide health insurance for their employees, or if the cost of buying into the employer's plan is too expensive, workers and their families are forced to enroll in public programs, such as Medicaid or the state Children's Health Insurance Program (CHIP), or simply rely on costly emergency room visits.

Recent guidance from the U.S. Department of Agriculture's Nutrition and Food Services (USDA FNS) underscores the problematic labor issues that can occur when districts contract out school services. The agency released a policy memo in April 2023 for state and regional food service decision makers that includes considerations for contracting out school food services, encouraging any district that contracts out to ensure strict labor protections in any contracts with private food service companies.[44] The guidance directs districts to include provisions around minimum staffing levels and minimum student wait times, which are areas that contractors often cut to reduce operational costs.[45]

Additionally, the guidance directs districts to "demonstrate a plan to attract, train, and retain a skilled and well-qualified workforce, and which at minimum provide benefits consistent with other district employees. Provisions of such a plan could include offering family-sustaining wages with clear opportunities for wage progression alongside skill progression; employer-sponsored health insurance and pension/retirement coverage options; personal and family benefits, such as paid family and medical leave, parental leave, paid sick leave, other paid time off, and mental health support, etc.; as appropriate, caregiving supports like flexible schedules, telework, childcare facilitation, and back-up childcare; predictable scheduling; and correct classification of workers as permanent employees and notification of rights of employees to all workers (including those classified as independent contractors)."[46] The guidance encourages districts to include contract provisions requiring the contractor to support and communicate to workers regarding the free and fair choice to form a union.[47]

The USDA FNS developed the guidance in response to the "various challenges related to procurement when administering and operating the school meal programs" that states and districts have encountered.[48] Unfortunately, many contracts for school services do not contain these types of provisions, as they cut against the cost-reducing and profit-maximizing model contractors typically employ.

Lastly, reducing wages and benefits for workers has real consequences for local economies. In many communities across the country, schools are the largest single employer in the area. With more than 80 percent of school budgets allocated to personnel costs and benefits,[49] much of a school's operating budget goes to school employees who are also residents of the community. The contracting out of school support jobs can put residents out of work, harming the welfare of the community and reducing the amount that these residents can contribute to the local economy.[50] Research shows how declines in wages means workers have less money to spend in their communities as lower wages mean that workers spend less in local retail, restaurants, and other establishments. Lower wages also mean that local and state governments collect less in sales, income, property, and other types of taxes.[51] In short, less money flows into the local economy and more money is routed to for-profit corporations, their CEOs, and their shareholders.

Change in School Culture

The day-to-day impact of many of the issues discussed above is that the culture of the school ultimately changes when school support services are privatized. Students thrive when there is a school culture that supports students academically, socially, and emotionally. Research shows that all adults in the school, including teachers and school support staff, can positively impact student learning and performance when they are respected and included as workplace partners.[52] The close-knit community that defines many schools is often eroded when long-standing employees in critical roles are replaced with contracted positions. This loss of experienced staff as well as the inability of administrators to directly control the contracted service erects barriers between the service and students, teachers, and other staff at the school.

SECTION 3 Why Privatizers are Going After School Services

Corporate Landscape

Nationally, about $800 billion goes toward public K-12 school budgets per year, composed of a mix of local, state, and federal spending.[53] To corporations, education funding represents an enormous market opportunity. They have devised marketing strategies and messages and sales pitches to help push the idea of privatization and actual bidding out of school support services in school districts across the country. Aramark, a multinational food and facilities corporation, has a resource for school districts that helps them respond to community opposition to outsourcing of school food service provision.[54]

School service contractors include large multinational firms and mid-size to smaller regional companies. For food service, the firms with large K-12 school market share include Compass Group (Chartwells K12 division), Sodexo, and Aramark.[55] Major contractors in the school transportation sector include First Student, National Express LLC, and Student Transportation Inc.[56] School custodial contractors include ABM, ServiceMaster, and Aramark, as well as many small local competitors. Staffing firms filling substitute teacher, paraprofessional, and other support positions include Kelly Staffing Services, Swing Education, SPUR, and EduStaff.[57]

Photo from cover of Aramark marketing materials.

Private equity firms have played a role in expanding and investing in corporations providing school support services. Nautic Partners, a middle-market private equity firm, merged its portfolio company, Source4Teachers with Education Solutions Services (ESS) in 2017, expanding the merged company's geographic reach for education and support staffing contracts.[58] Nautic Partners was also involved in growing the educational division of GCA, a facilities operations and maintenance provider, and selling it to Blackstone in 2012.[59] Subsequently, the private equity fund that Blackstone manages sold GCA to Goldman Sachs and Thomas H. Lee Partners in 2015.[60] Finally in 2017, CGA was sold again to publicly-traded ABM Industries.[61] In 2017, Harkness Capital Partners invested in food company Southwest Foodservice Excellence, which at the time provided food service to over 100 school districts in

11 states.[62] In 2021, its contracts had grown to 165 contracts in 15 states.[63] In 2021, private equity firm EQT acquired First Student Inc., one of the largest student transportation companies.[64]

Targeting School Districts

There are a number of conditions that make school districts more vulnerable to school services privatization proposals. Corporations may target districts that are in a precarious fiscal situation, currently or soon to be experiencing budget distress. These districts may be more receptive to marketing around cost savings, which is often a leading message of corporations to school districts.[65] National Express leads on their website with "Many of our customers choose to outsource when education funding has been cut..."[66] A Houston-area school custodial company, DTK Facility Services, dedicates an entire page on their website to describing how school districts can benefit financially by hiring a custodial contractor. The company explains, "With school budgets often unchanged but the average cost for cleaning a school increasing, considering a cleaning service is smart."[67] Another custodial company, McLemore Building Maintenance, similarly advises, "Outsourcing janitorial services to the experts protects district resources by decreasing operating costs while increasing state earnings."[68] As discussed above, these cost savings rarely actually pan out, or they are the result of cutting corners on operational expenses, such as staffing and/or materials.

Corporations may also target districts that are experiencing staffing shortages. Due to a number of factors, including the recent COVID-19 pandemic, many schools are experiencing staffing shortages. In a recent national survey, half of school principals reported staffing shortages in their school. About 60 percent of those principals reporting shortages indicated that they had open support staff positions.[69] While national structural and funding changes are needed to increase the pay of all school employees and increase long-term staffing retention,[70] some schools are filling in gaps by turning to private contractors. Contractors, especially those providing staffing services for substitute teachers and support service positions, will often propose contracting out as a way to quickly address staffing shortages. Quantum Education Professionals, which provides temporary staffing for special education and other paraprofessional positions, markets itself as a solution for the "cycle of under-staffing and burnout" at school districts.[71]

Similarly, Aramark has a marketing brochure titled, "Best Practices in K-12 Dining Employee Development and Retention," which presents contracting with Aramark as a solution for retaining food service employees.[72]

Photo from cover of Aramark marketing materials.

Additionally, corporations may target school districts in areas where labor is cheap and willing to work short-term gigs. Because privatizers such as large janitorial or food service companies may have multiple clients in a given geographic area, they may need a workforce that can move around client contracts depending on how staffing looks day to day at each client site. This means that a contractor worker cleaning in a school one day may be moved to clean an office building the next day, depending on contractor needs. Lastly, contractors may also target districts that don't have strong policies and a track record of ensuring high levels of transparency and accountability. This allows contractors to operate without robust oversight, which may be attractive to contractors looking to reduce operating costs through cutting corners in service provision.

Emerging Threat: Public-Private Partnerships for Rebuilding K-12 School Buildings

While public-private partnerships (known as "P3s") have primarily been used in the U.S. for transportation and water projects, they've recently been touted as a way to repair, replace, or build new K-12 public school facilities. Many public school facilities nationwide are in need of major maintenance or replacement. The American Society of Civil Engineers rated 24 percent of public schools as being in fair or poor condition, with 53 percent in need of rehabilitation. This translates to an estimated $38 billion annual funding gap.

To help fill this gap, some local governments and school districts are considering P3s that use private capital to finance public projects. In the U.S., using P3s to construct public buildings, such as courthouses and higher education facilities, is relatively new. When it comes to public school facilities, very few P3 contracts have been signed. However, the experiences of governmental entities using P3s for other types of projects—such as transportation and water infrastructure—and other countries using P3s for public school facility projects, particularly Canada, have been fraught with problems.

"Public-private partnership" or "P3" is an imprecise term that refers to different types of contractual arrangements between a governmental entity and a private entity. In the contractual agreement, the private entity agrees to design, build, finance, operate, and/or maintain a public building. For the rehabilitation or reconstruction of existing public school facilities or the construction of new ones, the locality or school district is typically responsible for regular payments, often called "availability payments," to the private entity, usually after construction is completed, for the life of the contract. These contractual arrangements often last decades, typically between 20 and 50 years.

These types of arrangements carry many risks, including loss of public control over policy and planning decisions, increased costs to public budgets, lower quality building management, reduced labor standards, financial risk and unpredictable project timelines, and the loss of transparency and public input. It is important to note these types of arrangements pose a particular threat to school support staff, such as custodial and maintenance staff, since these positions may be privatized as the private developer takes control of operating and maintaining the building, including these functions. For more information about P3s in public school construction, please see In the Public Interest's publication: *A Guide to Understanding and Evaluating the Use of Public-Private Partnerships for Public Buildings.*

SECTION 4

Insourcing and Preventing Privatization

As school districts continue to experience problems with privatization, some districts are pushing back against privatization by insourcing services. Other districts are taking important measures to help prevent privatization before it occurs through legislation or collective bargaining language. This section explores these types of actions and strategies aimed at ensuring public control over the important services that schools provide.

Insourcing Services

Some districts are turning to insourcing as a way to regain control and provide quality services and assets, while making better use of public funds. In other words, these districts have canceled contracts or allowed them to expire and brought the operation of these services back in-house.

For example, in 2022, Richmond Community Schools, a school district just outside of Detroit, decided to bring custodial services back in-house after four years of using contracted workers with the publicly traded, multinational corporation ABM. As the district's superintendent explained the decision, "We want the pride to come back … that we need to take care of our facilities."[73]

Likewise, the school district of Philadelphia, Baltimore City Public Schools, Detroit Public Schools, and New Haven Public Schools all contracted with Aramark for food service but ended up insourcing these services and now operate their own food service programs.[74] In Philadelphia, the school district originally contracted out food service to save money and avoid budgetary losses. However, two years into a food service contract with Aramark, the food service program continued to incur losses, which totaled almost $16 million, and suffered from low participation rates of students buying school meals. After the school district insourced food service, its food services division no longer loses money and now consistently breaks even.[75]

Public employee unions can be crucial to organizing workers to convince districts to insource school services. The Cartwright Education Association (CEA) was critical to the Phoenix, Arizona Cartwright School District's decision to cancel its contract with Southwest Foodservice Excellence (SFE). CEA recently organized 200 cafeteria workers to speak out against the privatization of district food services. In November 2022, these workers were able to address the district at a school board meeting and discuss how the contractor poorly treated its workforce. As a result, the board agreed to place the termination of the SFE

contract on their next board agenda. Unfortunately, and all too commonly, SFE threatened litigation if the contract was abrogated, causing the board to decide against pursuing termination. The SFE contract expires in 2024 and organizers expect non-renewal will be a likely outcome.[76]

Legislative Measures

Some states have passed legislation that requires any school service outsourcing efforts to meet specified criteria and standards, making it harder for districts to privatize services if they can't demonstrate potential benefits without cutting corners in operations. California requires that any district seeking to outsource a school service show actual projected cost savings. This cost comparison must include the full costs of outsourcing with the costs of operating the service in-house, including the costs of oversight and monitoring that a district would incur if the service was contracted out. California also requires that any projected cost savings cannot derive from the contractor paying workers lower pay rates or benefits. This is important since cost savings from school service privatization contracts often come from a reduction in worker compensation. The law also ensures that school district workers are not displaced as a result of any contract.[77] Likewise, Oregon and Illinois have laws that require a robust and full cost comparison that demonstrates actual cost savings before a local governmental entity can enter into a service contract.[78]

Collective Bargaining Provisions

Additionally, in some public employee collective bargaining agreements, unions have negotiated the inclusion of language that prohibits outsourcing for the duration of the agreement. For example, the New Jersey Education Association (NJEA) includes a provision in their Collective Bargaining Manual that prohibits contracting that impacts the work that their members perform. The language states, "The Board agrees not to enter into a subcontracting agreement which involves or affects the bargaining unit work performed by the employees covered by this agreement during the term of this agreement."[79] Of note is the fact NJEA did not stop with bargaining guidance for their locals. They organized and lobbied elected legislators statewide to pass bipartisan legislation (S-2303/A-4140) in 2020 that prohibits a board of education from privatizing school support positions while a collective bargaining agreement is in place.

While the threats to public education expand, it is important to remain vigilant to the ongoing threats of privatization of school support services. Public provision of school support services ensures that schools can operate smoothly while supporting student learning and well-being. Public service provision also means that the school is served by dedicated and experienced school employees who routinely go above and beyond to create a safe, healthy, and high-quality learning environment. Protecting school support services, including food service, custodial and building maintenance, transportation, clerical staff, school nurses and counselors, and paraeducators, is vital to the success of public education.

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