

ELIZABETH STEINER HAYWARD MD
STATE SENATOR



OREGON STATE SENATE
DISTRICT 17

April 3, 2013

Chair Beyer and Members of the Committee:

Thank you for the opportunity to present comments on Senate Bill 627. In 2009, the Legislature passed House Bill 2867. That bill requires public agencies to conduct a rigorous cost-benefit analysis before deciding to contract out a service to a private entity. The law stipulates that budgetary savings resulting from this administrative transfer cannot come solely from reduced wages and benefits for workers.

Local school district support services, such as transportation and food service, are one of the most active areas for this type of private contracting. In 2009, the Legislature appears to have been specifically concerned that local school districts were selling off valuable assets, like school buses or kitchen equipment, and entering into these contracts with out examining the long-term costs of privatizing services. Failing to consider long-term costs leaves school districts in a precarious situation because once they sell off their equipment their bargaining position for successive contracts is greatly weakened. There was the additional concern that much of the promised savings would not come from creating real administrative efficiencies, but rather from dramatically lowering wages and benefits. These concerns remain.

At the same time, however, school districts need a full range of tools to address their budget problems. If a private entity can truly administer a support service more efficiently, then a school district has every right to consider contracting with that private business. We ought to ensure that our school boards continue to have the tools they need to identify and pursue real efficiencies. I hope this bill starts a conversation about how to accomplish this without sacrificing the principal that savings should not come solely from reducing wages or the idea that a cost benefit analysis ought to be conducted prior to privatizing support services.

Sincerely,

Senator Steiner Hayward M.D.
Oregon Senate District 17

