

Legislative Analysis



SCHOOLS: NO DIRECT EMPLOYMENT FOR FOOD, CUSTODIAL & TRANSPORT SERVICES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4306

Sponsor: Rep. David Agema

Committee: Education

Complete to 2-28-11

A SUMMARY OF HOUSE BILL 4306 AS INTRODUCED 2-22-11

The bill would prohibit a school district or intermediate school district from directly employing personnel to provide food service and custodial or transportation services. The bill is an amendment to the Revised School Code (MCL 380.1245) and applies as of June 30, 2012. The bill would require as of that date that the board of a school district or an intermediate school district enter into one or more contracts for the provision of those services.

The bill requires that before entering into any contract described above, or the renewal of any such contract, the board obtain competitive bids on the provision of the services. Not later than January 1, 2012, the state school superintendent would be required to develop and make available to school districts a model competitive bidding process that could be used for the purposes of this subsection. That model could be based on the process for competitive bidding of construction contracts under Section 1267 of the Revised School Code.

The bill also specifies that competitive bidding would not apply to contracts of less than \$20,000. This threshold would be adjusted each year by an amount equal to the change in the Consumer Price Index.

FISCAL IMPACT:

The bill would have no fiscal impact on the State and an indeterminate fiscal impact on school districts. While privatization of certain non-instructional services and competitive bidding may allow districts to find savings, many districts have already moved in this direction when savings are to be found. Since 2003, the total number of active employees in MPSERS has dropped from its high of 327,000 to 242,500 in 2010. This reduction of almost 26% occurred over the same period while the pupil population declined by 7%.

Some districts have found that maintaining district employees to perform these non-instructional services is less expensive than privatizing; thus, the bill could increase costs under certain circumstances by mandating the privatization of certain non-instructional services.

Additionally, as the total payroll for school districts statewide diminishes, the required employer contribution rate for the Michigan Public School Employees' Retirement System (MPERS) goes up in order to collect the required total contributions needed to fund the system.

Legislative Analyst: J. Hunault
Fiscal Analyst: Mary Ann Cleary
Bethany Wicksall

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