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School District Corporations Privatizing CUPE Work

Introduction

According to documents obtained by CUPE, the Fraser Valley branch of the BC School Trustees Association has begun discussing the creation of a private company that would take over CUPE work. Under the guise of “Alternate or Shared Services Delivery”, these seven school districts appear to be planning to create a company, separate from the school districts, to take control of accounting, finance, Information Technology, transportation, capital construction, maintenance and some educational administrative functions currently performed by CUPE members. The plan involves transferring these services to a school district corporation, or SDC, in a bid to create efficiencies by eliminating senior management, excluded and supervisory staff.

“This is suspiciously consistent with the provincial government’s pattern of privatizing public sector jobs,” says CUPE BC president Barry O’Neill. “This kind of proposal has been tried—and has failed—in other provinces and countries, and there’s no evidence that it will either save money or produce a better form of education for our children.”

For the past three years, the provincial government has been encouraging school districts to develop shared services plans where some district functions such as payroll and accounting could be jointly managed. The goal—to achieve savings for districts based on economies of scale—is based on the theory that if one payroll department can perform the work of five, six or perhaps a whole region’s departments, then fewer employees, technology and management can result in savings that could be put into the classroom.

However, the provincial government has had difficulty finding school districts willing to adopt the scheme. The problem is that districts and their secretary-treasurers have not embraced regionalization of services for a variety of reasons—including lack of evidence that cost-savings would result. Now it appears that we have a group of school trustees prepared to take up Gordon Campbell’s privatization agenda.

Secret Meetings, Secret Documents

How does CUPE know that school districts are meeting secretly? The BC Federation of Labour has acquired documents and e-mails that lay out the BCSTA Fraser Valley branch plan.

One of the documents received, a “Discussion Paper”, clearly spells out the nature of the actions of these school boards:

This is not a topic to add to your normal meeting agendas. It is further recommended that trustees and boards participating in this meeting refrain from engaging their respective staff in any discussions about this topic.

“These are outrageous statements by people elected by the public to carry out school district work,” says O’Neill. “The fact that they are pursuing this agenda in such a covert manner—excluding the very people they have hired and are supposed to have confidence in to run large school districts that educate our children—is disgusting. Unfortunately, I can’t say that it’s totally surprising, given the climate of anything-goes privatization the BC Liberals have created in the system.”

In effect, the Fraser Valley trustees are attempting to implement a plan from behind closed doors which they’ve known from the beginning is opposed by the people they have hired to run the district and give them advice on matters of education, finance, and maintenance. The secrecy of the discussions raises the question as to whether this agenda originates with these particular school districts, adds O’Neill—or from Victoria: “Minister of Education Tom Christensen said this summer that he was ‘intrigued’ by the Alternate Service Delivery brief being touted by Maple Ridge Secretary-Treasurer Woytowich. Well, now I’m sure he’s a lot more than ‘intrigued’.”

Context – The New Reality: Contracting Out CUPE Work

The “Discussion Paper” attempts to argue that there are economies of scale with the creation of “Delegated Administrative Organizations”(DAOs). But there are only two specific references to cost savings of any sort. The first:

There is in every district a Secretary-Treasurer, an Assistant Secretary-Treasurer and numerous supervisors which through amalgamation could be reduced/eliminated...

And the second:

A DAO may choose not to deliver services and programs directly. It could instead decide to contract the work with appropriate independent agencies

or individuals. Staff may then only be needed for administering contracts...

The case for cutting senior staff is politically expedient, as it addresses an argument that has long been popular with the public: the notion of bloated bureaucracy at a senior staff level. The “Discussion Paper” also recognizes that support staff has been cut to the bone with no more savings to be made.

“There has been no cost-benefit analysis, no research as to the feasibility of such a project,” says O’Neill, “only the ideological presumption that private corporate structures can do our work better and save money. That’s not an argument.”

Controlling school district administration

When School District Corporation legislation was passed in Victoria, it was supposed to be about selling education abroad to foreign governments and making money that would be put into classrooms in Canada. But as CUPE has stated in its analysis of this legislation, the real agenda was to use such corporations as the means through which to privatize services now performed by public sector workers.

School District Corporations (SDCs) have become controversial because they cost school districts millions of dollars to start up, they are not accountable to the public and they are not accountable to the school districts that created them.

The SDC is designed to be controlled by a delegation of one trustee from each school district and its secretary-treasurer. Since it is a private corporation, the SDC is not obliged to account to the school districts or the public about its internal financial transactions. “We’ve seen this lack of transparency occur with the creation of the BC Ferries Corporation, the new Safety Authority and the contracting out of BC Hydro services to Accenture,” says O’Neill. “With the SDC, the public surrenders all control of school district decisions to a few individuals who think they know what’s best for the districts.”

CUPE Members Lose Their Jobs

The Union and employer will have to reach agreement on termination and severance.

The “Discussion Paper” makes clear that the BCSTA Fraser Valley branch is looking at contracting out CUPE work to a private entity. In the beginning, the so-called “delegated administrative organization” (DAO) would become the employer. The next step would see the DAO contract out these services to a private contractor. Sound familiar? Sodexo, Compass, or some other multi-national corporation will step in and take over these contracts in the same way that HEU’s work was handed over to private contractors with thousands of workers losing their jobs.

The “Discussion Paper” also lays out a scenario whereby “successor rights provisions are likely to be an issue as contracts of the unionized employees will carry over to the new entity”.

“Contracting out is the bottom line when it comes to school district corporations,” says O’Neill. “They can dress it up with savings from the elimination of senior administrative positions, but the SDC’s real agenda is no different than with the privatization of BC Rail, the Coquihalla Highway, the RAV Line, the administration of MSP—the list goes on. It is clear that this is the next attempted beachhead for privatization, and it must be stopped.”

School Districts Lose Control of All Finances

A DAO carries out its administrative responsibilities as a private sector business, guided by a Board of Directors...The intent is to give the Owner Boards the ability to control service levels while achieving economies of scale and scope.

School districts are public institutions whose role is to provide education to children. Private corporations are in business to make money for their shareholders. Mixing the two for decisions that affect the welfare of our children is not in our children’s best interests. “Like P3 schools in Nova Scotia, school districts will lose control of their budgets,” says O’Neill. “They will not be able to juggle finances because large portions of their budgets will be tied up in long-term contracts with private companies.”

BCSTA Fraser Valley: A Rush to Privatize

At last April’s BC School Trustees Association AGM, trustees showed their opposition to shared services by passing a motion that school districts in the province must not be forced into such shared service arrangements. Six months later, one group from this association is organizing to make the Fraser Valley an example for the rest of the province. More than a year ago, CUPE learned of a plan by the provincial government to create six “accounting districts” that would control all financial and administration services in each region of the province. “What we are witnessing here,” says O’Neill, “are the first moves to put such an arrangement in place.” BCSTA Fraser Valley has a plan to take on this political fight:

The proposal will probably be incorporated into a discussion paper to generate interest and feedback. The proposal can be distributed through a general mailout, a series of meetings, advertising, or through a combination of these and other avenues.

“This group sees itself as a political organization with an agenda to sell this proposal no matter what the consequences may be,” says O’Neill. “It has nothing to say about the role of elected school trustees nor the public that elected them, and no mention of the parents whose children will be affected by these radical changes to the way school districts are run. This is the agenda of ideologues who are hell bent on privatizing our public services.”