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Outsourcing: A Descriptive Study of the Outsourcing of Non-Educational Services in Bergen and Passaic County Public Schools

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OUTSOURCING: A DESCRIPTIVE STUDY OF THE
OUTSOURCING OF NON-EDUCATIONAL SERVICES IN
BERGEN AND PASSAIC COUNTY PUBLIC SCHOOLS

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Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Education

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SETON HALL UNIVERSITY
COLLEGE OF EDUCATION AND HUMAN SERVICES
OFFICE OF GRADUATE STUDIES

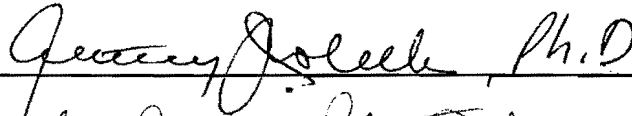
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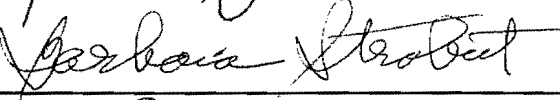
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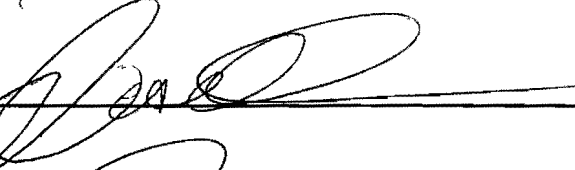
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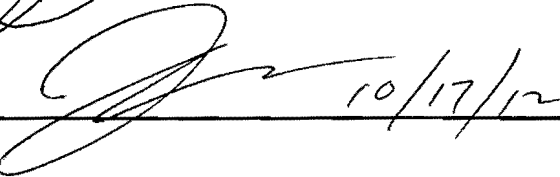
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The mentor and any other committee members who wish to review revisions will sign and date this document only when revisions have been completed. Please return this form to the Office of Graduate Studies, where it will be placed in the candidate's file and submit a copy with your final dissertation to be bound as page number two.

ABSTRACT

Due to a diminishing level of available funds, school leaders are faced with difficult decisions associated with reducing budget expenditures. The only way to prevent losing more programs and services is to reduce spending. An area which is quickly gaining popularity in reducing expenditures is outsourcing. Many schools have turned to outside companies to provide an array of services in a more economical and efficient way than the schools can provide using internal personnel. As these "outsiders" enter our schools, there are implications.

Currently, an acute shortage of reliable research exists in this area. This qualitative study is an extension of Heinz Retzlaff's research titled *Outsourcing: A Description of Educational Operations and Performance*. The function of this undertaking is to provide a better understanding of the perceptions and opinions regarding outsourcing of those stakeholders who are part of the decision-making process from Passaic and Bergen County public schools.

Four focus groups participated in the study. The number of participants in the focus groups was as follows: Group 1 -- 6; Group 2 -- 6; Group 3 -- 5; and Group 4 -- 7. Constituents included superintendents, school board members, business officials and building principals. The question route was designed to investigate whether participants feel outsourcing is available and necessary, their perceptions regarding the impact of outsourcing non-instructional education services on operating efficiency and school funding, the current policies and procedures currently being utilized to evaluate outsourcing effectiveness and the perceived obstacles and critical issues related to outsourcing.

Clustering and grouping methods were utilized to analyze the content of the focus group sessions and provided many interesting findings which should prove useful for those districts either involved with or considering outsourcing. The findings reveal that cost savings, operating

efficiencies, and labor relations remain as the determinant factors in opting to privatize the transportation, technology, custodial, and maintenance services examined.

This dissertation provides the requisite data to become more aware of the impact that outsourcing will have and the information needed to make better decisions on how to deal with the intricacies of outsourcing.

Outsourcing remains an area with a need for much further research, specifically in the areas of cost-benefit analysis, impact on employee morale and productivity, as well as the social issues associated with privatization.

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I would like to take this opportunity to thank all of those people who helped make this dissertation possible. First and foremost, I wish to thank my advisor, Dr. Anthony Colella, for all his guidance, encouragement, support, and patience. His sincere interest in the well being of all his students has been a great inspiration to me and has helped restore my faith in others during a particularly difficult time in my life.

Additionally, I would like to thank my committee members: Dr. Barbara Strobert, Dr. Frank Cocchiola, Jr., and Dr. Joseph Sabbath for their time and efforts during this process. They have all provided very helpful insight, comments, and suggestions, which have helped me to complete the task at hand.

Additionally, I would like to acknowledge all the professors at Seton Hall University who not only taught, but inspired me to become a lifelong learner. Of particular note are Dr. Barbara Strobert, Dr. Daniel Gutmore, Dr. Michael Osnato, Dr. Christopher Tienken, and Dr. John Collins. I hope to follow in their footsteps as an educator of excellence.

Finally, I would like to thank my fellow graduate students, who provided a wonderful learning environment during my years at Seton Hall University.

DEDICATION

I dedicate this dissertation to my wonderful family, particularly to my understanding and patient wife Carol. She has put up with my many flaws during the thirty-five years we have been in love together. In addition, it is dedicated to our precious daughter Deanna, who continues to be the joy of our lives.

My loving mother and father, along with several family members who are in heaven above, have greatly influenced my character. They include my grandmother Mary White, my uncle Lou White, and my aunts Pearl and Janet. I continue to be influenced by my aunt Helen White, who gave me my first break in education. Of course, I must include my caring sister Mary and loving brother Ralph, who continue to wish me the best, and remind me of how fortunate I have been. I thank God for providing me with a wonderful family.

I must also thank my closest friends, Ron Nicosia and Eurico Antunes, who helped when I was ready to throw in the towel. Additionally, I owe a debt a gratitude to Diana Lobosco, who has been both a mentor and close friend. Her husband and my friend, Jerry Lobosco, continues to provide me with the answers to all my questions.

TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGMENTS	iv
DEDICATION.....	v
LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix

Chapter I. INTRODUCTION

Background of the Problem	1
Statement of the Problem.....	5
Purpose of the Study	11
Research Questions	12
Design and Methodology	12
Significance of the Study	13
Limitations and Delimitations.....	14
Definition of Terms.....	17
Chapter Summary	19

Chapter II. LITERATURE REVIEW

Introduction.....	21
Inclusion Criteria.....	22
A Brief History of Outsourcing	23
Research Specific Literature Review.....	24
Availability of Outsourcing	25
Necessity of Outsourcing.....	32
Financial Impact of Outsourcing.....	37
Criteria for Outsourcing	40
Obstacles to Outsourcing	50
Chapter Summary	53

Chapter III. METHODOLOGY

Introduction.....	57
Research Design.....	58
Instrument Design.....	60
Data Collection and Analysis.....	64
Question Route.....	71
Methodology Rubric	71
Chapter Summary	77

Chapter IV. RESEARCH FINDINGS

Introduction.....	78
Analysis of Discussions	79

Research Question # 1.....	79
Research Question # 2.....	84
Research Question # 3.....	85
Research Question # 4.....	88
Research Question # 5.....	90
Clustering Diagrams	94
Chapter Summary	95

Chapter V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction.....	96
Comparison of Findings to the Available Literature	97
Discussions and Conclusions.....	102
Implications of the Study	110
Implications for Policy and Practice	111
Recommendations for Future Research	114
Concluding Remarks.....	115
REFERENCES.....	117

LIST OF TABLES

Table 1.....	80
Table 2.....	83

LIST OF FIGURES

Figure 1.....94

Chapter I

INTRODUCTION

. . . A sensible man watches for problems ahead and prepares to meet them. The simpleton never looks, and suffers the consequences. -- Proverbs 27:12

Background of the Problem

Representative Scott Garrett (2011), Vice Chairman of the U.S. House Budget Committee and Chairman of the Budget and Spending Task Force, emphasized that we need actual cuts to government spending to address our long-term debt crisis, not phantom cuts and accounting gimmicks. The State of New Jersey is in the midst of an increasingly difficult fiscal crisis, fueled by an escalating deficit in the billions of dollars. With aid to public schools accounting for a third of the state budget--and local taxpayers saddled with high property taxes--continued cuts in school spending are clearly at risk (NJSBA, 2011).

Marie S. Bilik (2011), New Jersey School Boards Association Executive Director, remarked, "Local school boards will be doing their part this year in constructing budgets that meet state and local educational goals, while complying with the new state-imposed 2 percent tax levy cap and limited state funding" (p. 1).

Subsequently, school officials are currently challenged by both a diminishing level in school aid and restrictive caps to local tax levies. In the wake of the most recent U.S. recession, both New York State and New Jersey have faced multibillion-dollar budget gaps. An analysis of the makeup of their budgets reveals that the states' heavy reliance on personal income taxes has exacerbated revenue shortfalls. (Deitz, 2010, p. 4). To close their budget gaps, New York and New Jersey have had to make difficult choices about tax increases and service cuts.

School administrators are continually being asked to do more with fewer resources. These school leaders are faced with many difficult decisions associated with having to reduce budget expenditures.

According to the 2010 State Business Tax Climate Index issued by the Tax Foundation, New Jersey tops the list when it comes to the state with the highest property taxes. Cheema (2010) provides data which show that residents and business owners pay a per capita rate of about \$2,642, or 4.88% of the state's average income, according to an assessment of Census Bureau data. Accordingly, public sentiment is that property taxes are already too high and the availability of new monies is minimal at best. Hence, the only way to prevent losing more school programs and reducing current levels of services is to reduce spending. Consequently, there is intense pressure on school administrators to make their schools more economically efficient.

Wiley (2009) points out that even in prosperous times, school maintenance and operation need to take a back seat to spending more directly linked to classroom instruction, and educational institutions have continually searched for ways to operate facilities more efficiently. An area which is quickly gaining popularity in reducing expenditures is outsourcing. Outsourcing refers to the practice of buying services from the outside, in lieu of producing them internally.

In Heinz Retzlaff's 2009 dissertation titled *Outsourcing: A Description of Educational Operations and Performance*, the author makes a significant contribution to a knowledge base with an acute shortage of quality research. Although there is an abundance of research available in the corporate world, the lack of reliable information in the public school domain leaves decision makers in schools in a position where they cannot make well-informed decisions due to a shortage of reliable data. Retzlaff's (2009) effort was designed to provide "a better

understanding of the perceptions and opinions of funding stakeholders of Delaware's public and charter schools concerning the present use, availability, and impact of outsourcing non-educational services, along with the obstacles that those wishing to privatize the aforementioned non-educational services face" (p. 4). The participants in Retlaff's study included 102 stakeholders from 12 of the 19 public school districts in Delaware who were selected due to being the persons responsible for making the decision of whether to outsource the non-educational services being examined in the study. This quantitative research study utilized a descriptive survey. Participants responded to an on-line electronic survey that included 76 outsourcing and demographic items. The data were collected and initially tabulated into frequency distribution and percentages via Zoomerang, an Internet survey provider.

This research is an extension of the abovementioned study with some notable similarities and differences. The similarity is immediately obvious in his abstract, as both studies examine how survey participants feel outsourcing is necessary and available in their districts, the perceptions of the same participants concerning outsourcing non-instructional education services on school funding, the current review procedures utilized to evaluate outsourcing effectiveness, and the perceived obstacles and critical issues related to outsourcing in their school districts.

Conversely, this study has notable differences which are in response to his recommendations for future research. The first difference is the makeup of the survey participants. As Retzlaff suggests, this study will be expanded to include all board members. The Business Administrator, a school employee whose responsibilities are normally tied to facilities management and finance will also be included in the study. Chief school administrators and building principals complete the roster of survey participants. Of course, data will be drawn from

a different population, as this study will include public schools in Bergen and Passaic Counties in New Jersey.

Outsourcing has been regularly utilized in the corporate world for several decades. Lara (2011) notes that outsourcing in the corporate world has evolved dramatically in recent years from providing tactical solutions such as data entry and call centers to more sophisticated services ranging from research and development, engineering, and software development. Outsourcing has reached unprecedented levels with its capacity to drive global economic and technology trends.

During the International Association of Outsourcing Professional's 2011 Latin American outsourcing summit held in Cartagena, Colombia, in late May, Lara (2011) told World Trade 100 that in addition to gaining cost efficiencies and performance, companies view outsourcing as a way to access the latest technologies and expertise. As school leaders examine the success of outsourcing experienced by their corporate counterparts, they have developed a keen interest in the area of privatizing numerous services. Consequently, many schools have turned to outside companies to provide a wide array of services in a more economical way than the schools can provide using internal personnel.

Outsourcing in schools is not new. However, it has historically been controversial and faced intense opposition. Despite the rapid increase of outsourcing as a mainstream management tool in educational settings, outsourcing's proponents seem unable to successfully distance themselves from ongoing questioning of the rationale for, and fallout resulting from, its adoption (Jennings, 2002). As the use of outsourcing continues to rise, it is rapidly becoming a regular part of the management tools utilized in schools throughout the state of New Jersey. As these

“outsiders” enter our schools, there are repercussions we need to be aware of before we proceed with the decision-making process of whether, when, and what services we should be outsourcing.

Statement of the Problem

The decision makers in public schools need to, but are not able to, draw upon the data provided by quality research to supply the requisite information to have them make prudent decisions in the outsourcing arena.

Unfortunately, most economists predict that the current U.S. budget problems will not be short-lived. The BBC (2011) reports that there was a standoff in Congress over the nation's escalating international debt, unbalanced national budget, and of course growing uncontrolled public expenditure. As Congress struggles with the American debt, job losses continue to rise. With thousands unemployed, many citizens have lost their homes due to their inability to repay their loans. Additionally, the BBC (2011) notes the reason economic hardships will continue to be with us for a long time is that all over the world, the economy is failing.

With a 14 trillion dollar U.S. debt weighing down the world's biggest economy, we in New Jersey are simply a microcosm of the problematic global economy. Steindel (2010) provides additional verification that New Jersey remains in the midst of a financial crisis, citing a budget gap of \$9 billion, or roughly 25 percent of the entire state budget. In early 2010, New Jersey was again confronting multibillion-dollar gaps as they prepared their budget for the 2011 fiscal year. (NJDOE, 2011). Data available on the New Jersey Department of Education's "Historical School Report Card Data" site confirm that New Jersey's more than 600 school districts rely heavily on property taxes, accounting for about half the typical homeowner's tax bill.

As the budget crisis in New Jersey persists and school administrators search for ways to increase efficiencies, one needs to be aware of how the option of outsourcing numerous types of services can affect our schools. By disaggregating services, the school is able to outsource non-instructional functions and simultaneously achieve significant savings while gaining access to a broader and deeper set of expertise and services (Wiley, 2009).

There is an abundance of anecdotal stories, but little reliable research, to support Wiley's claims and for school administrators to draw upon during the decision-making process.

There is an abundance of research and reliable data in the area of corporate privatization of services. Sohail (2011) notes that with competitive pressures increasing, outsourcing has become a common phenomenon in today's global economy. There is growing evidence of business organizations increasingly seeking to outsource functions. However, there is an acute shortage of research available regarding the impact of outsourcing on our schools.

There is certainly no shortage of controversy and debate when dealing with outsourcing services in our public schools. With state aid forecast to decline and costs such as gas rising, districts may want to consider the option of utilizing management tools such as privatization to improve their efficiency. As a result of current budgetary challenges being faced, many support functions that do not directly impact education are increasingly being considered by many school districts in New Jersey as a cost-cutting measure. Obvious candidates for outsourcing include cleaning services, transportation, secretarial services, building maintenance, and a wide array of technological functions. With an abundance of successful corporate models to replicate, some districts are moving forward with the risky assumption that they will mirror the success of their counterparts in the corporate world.

As schools begin to assess the value of outsourcing, disputes have become emotionally charged, as the stakes are particularly high for existing employees in our school systems. Passionate exchanges are becoming a regular occurrence. In the August 24, 2011, edition of *The Sun*, a local paper in Chelmsford, Massachusetts, Savard (2011) authored an article titled "Chelmsford Union: Contractor Not Screening Custodians Properly." Savard reported that following the departure of nearly two dozen long-term janitors after the district outsourced custodial services last month, officials say schools are sparkling and ready for the start of a new year. But a union representative of the schools' former custodians says the picture isn't as clean as school officials are reporting. On August 7, a temporary employee hired by Chelmsford Public School's new private cleaning contractor, Aramark Education Services, was arrested on a warrant charge during a routine traffic stop on Drum Hill Road. Police found that this Aramark temporary employee had a default warrant for failing to appear in Lawrence District Court after he was arrested for "uttering a false prescription," according to police reports. The Lawrence Police Department said he was arrested last November after allegedly forging a prescription to try to purchase Roxicodone (a generic form of Oxycodone) at a CVS Pharmacy on South Broadway Street in Lawrence.

Jim Durkin, a union representative from the American Federation of State, County, and Municipal Employees, said the incident should serve as a warning shot to school officials. "They're (Aramark) not doing a good job screening these people. When you bring in a private contractor, you assume a fair amount of risk and this incident is just one manifestation of this risk" (Savard, p. 5). Superintendent of Schools Frank Tiano said it was an isolated incident and that Watson, a temporary employee hired by Aramark to help clean and prepare schools for

September, was immediately discharged from his duties in Chelmsford once the district was informed by police.

An examination of stories across the country reveals union officials and administrators are deeply divided on many fronts. According to an expose conducted by *The Bergen Record* in 2008, some New Jersey districts have eliminated on-staff custodians and hired private companies to handle the work. Others are considering following suit, but not without controversy. Superintendents in Bergen County and Passaic County told *The Record's* Deena Yellin that they have saved hundreds of thousands of dollars a year, or expect to do so, by hiring private cleaning services. Moreover, they claim that money is saved without repercussions in the classroom.

The Record (2008) also reports that in Englewood schools, which have used private custodians for 14 years, facilities director Mike Hunken said outsourcing has "no downside." Conversely, the same article points out that the most obvious downside for society is the loss of blue-collar jobs that offer better pay and benefits. Moreover, union officials and others argue that privatization also presents a security risk in that it could result in personnel with inadequate background checks entering into the schools. New Jersey Statute 18A:6-7.1 states that the law requires the same background checks of anyone who works in a school, whether on staff or contracted.

"Another company will supply people to our schools," said Ellen Davis of the New Jersey Education Association, a union that represents custodians as well as teachers. She argued that custodians on the public payroll are more likely to have a stake in the school and the community, making them better employees who "care about the schools and children" (Yellin, p. 3). *The Record* (2008) also noted that district officials may have to take steps to ensure that private companies are meeting standards on screening and cleanliness.

There is a recurring problem as those on both sides of the outsourcing debate lack evidence to back up their objections. Patterson (1996) speaks of another disputed issue in the debate regarding outsourcing. Shannon Light, property loss control specialist for the Fresno, California, schools, says many of his district's losses are attributed to internal theft-people who work within the district helping themselves to school property or not returning items they set out to "borrow." Conversely, in many districts, it is hard to tell who does the pilfering. "You have people coming in and out of buildings," says Sandra Potts, a school police officer for the Baltimore city schools, who adds that "Educators are relaxed as far as leaving doors unlocked and monitoring the activities of vendors" (Patterson, p. 61). Once again, there is controversy in the outsourcing debate where both sides have anecdotal stories, but little reliable data, to support their claim that outsourcing either increases or decreases the level of theft in schools.

It should be apparent to the reader that prior to attempting to make decisions concerning outsourcing non-educational services, stakeholders need to be cognizant of biases which unknowingly could distort their judgment. *The Record* (2008) provided a balanced view of the objections of those on both sides of the debate. Proponents of privatization noted that as to the quality of the employees, there's no reason why outsourcing schools can't develop lasting relationships with private companies and custodians. Furthermore, supporters felt monitoring performance might be easier when dealing with private-sector workers rather than a large and powerful public employee's union. Additionally, respondents claim hiring decisions will be less likely to be influenced by political patronage considerations, as they sometimes are on custodial staffs controlled by school boards. In *The Record's* (2008) expose, the opponents had a vastly different view, citing that some local districts, including Westwood Regional, Pascack Valley Regional, and Clifton, have decided that in-house custodians are worth the money.

In the current fiscal environment, outsourcing is one more choice that every district should consider carefully. The articles cited above have been utilized to provide the reader with an inkling of the controversies and conflicting claims which currently fuel the emotional debate over outsourcing or privatizing services in our schools.

As noted in Retzlaff's recommendations for future research, the need to conduct research in this area is evident and needs to be completed in an expeditious manner to prevent the recurrence of costly errors. A better understanding of the perceptions and opinions concerning outsourcing is needed by those stakeholders who are part of the outsourcing decision-making process. This research study focuses on the previously mentioned stakeholders from Passaic and Bergen County Public Schools. Similar to Retzlaff's research, this dissertation addressed school board presidents, district-level administrators, and school-level administrators. In addition, the entire board was included, as each member had equal voting power. The Business Administrator, who is often in charge of facilities issues, was also asked to participate in this descriptive study, which provides important data through a qualitative research instrument. Questions are similarly designed and extracted from Retzlaff's study. They have been modified as open-ended questions and interview questions designed to provide more depth and richer data to investigate "whether participants feel outsourcing is necessary, the participant's perceptions regarding the impact of outsourcing non-instructional education services on school funding; opinions regarding the economic impact of privatization of non-educational services, the current policies and procedures currently being utilized to identify areas for outsourcing and evaluate outsourcing effectiveness, and perceived obstacles and critical issues related to outsourcing" (p. xii). This research can provide school leaders with the requisite information to become more aware of the impact outsourcing will have on their schools and the information needed to make well-informed

decisions on how to deal with the controversies surrounding privatization and the intricacies of outsourcing.

Purpose of the Study

Currently, an acute shortage of reliable research exists in the area of outsourcing in public schools. The purpose of this study is to explore the impact of the outsourcing of non-educational services on publicly funded school districts.

By replicating and expanding upon the research initiated by Retzlaff in his 2009 study, *Outsourcing: A Description of Educational Operations and Performance*, a diverse array of the perceptions, opinions, and assertions of the decision makers in the outsourcing process from two selected counties in northern New Jersey were investigated.

Initially, how the funding stakeholders feel outsourcing non-instructional services is available and necessary was explored. Additionally, their perceptions of how the outsourcing of non-instructional education services impacts school funding were analyzed. Next, the review processes and criteria currently in place to both determine whether a non-instructional service should be outsourced and the effectiveness of non-instructional education services already outsourced in the district were scrutinized. Finally, obstacles and critical issues currently related to outsourcing non-instructional education services were identified and examined.

This qualitative research study was conducted with public schools in Passaic and Bergen Counties located in Northeastern New Jersey. The research questions are based on those in Retzlaff's (2009) study, which have been modified to conduct a rich qualitative study yielding in-depth answers to the research questions. The subsequent findings may provide a better understanding of the previously stated perceptions and opinions of the funding stakeholders, thus resulting in an improved ability to make well-informed decisions.

Research Questions

Research questions include:

1. To what extent do those stakeholders involved in the school decision-making process believe outsourcing non-instructional services is available and necessary?
2. What are the perceptions of those stakeholders involved in the school decision-making process concerning the outsourcing of non-instructional education services on school funding?
3. What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in their school district?
4. What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the school district?
5. What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the school district?

Design and Methodology

A brief overview of the design and methodology utilized in this research project follows and will be detailed thoroughly in Chapter III:

The criteria utilized for subject selection for this qualitative study was based on developing groups to be made up of those individuals who are part of the decision making process in the outsourcing of non-educational services in publicly funded schools. Participants included superintendents, business administrators, board members, building principals, charter school directors, chief fiscal officers, and members of the board of directors. The subjects were chosen from public schools located in Passaic and Bergen Counties in New Jersey.

The participants from each selected district made up a focus group. The researcher

utilized the “question route,” designed to encourage and guide discussion relating to the research questions regarding outsourcing.

The focus group discussions were recorded and transcribed. The moderator's notes, video recordings, and transcripts were utilized during the data collection process to provide the requisite amount of data. The data collected from the focus group sessions were scrutinized for patterns and categories to determine what can be deduced from the findings. The results reflect what was shared in the groups, as the researcher looked for common themes and ideas that aided in determining the perceptions and opinions of the group.

The depth of the data in this study were expanded by utilizing the abovementioned qualitative methods, which provided more detailed and in-depth data, as opposed to the data provided in Retzlaff's study, which was quantitative by design.

The findings of the study answered the research questions, which focus on the meanings, perceptions, and opinions of the impact concerning outsourcing non-educational services in public schools. This can provide educational leaders with a better understanding of the complexities of outsourcing, which may result in educational leaders making better decisions in the outsourcing arena.

Significance of the Study

Deep cuts in state aid continue to cause fiscal difficulties for schools located in the northern New Jersey counties of Bergen and Passaic. The schools in the aforementioned counties continue to face fiscal challenges to deal with growing budget gaps. School leaders are asked to do more with less as they try to stretch taxpayer dollars to maintain educational programs.

Outsourcing is one of the management tools being implemented by school leaders to become more efficient and save dollars. This study comes at a critical time for public schools, as

school leaders are faced with a growing list of mandates and difficult budgetary decisions. The privatization of non-instructional education services must be considered as a potential way to make schools more fiscally responsible and reduce costs to help address budget shortfalls without a loss of current programs and services.

As schools continue to cut and reallocate their resources, conclusions drawn from this study may help school district officials find ways to improve or maintain educational services within very stringent budget guidelines. The significance of this study is that it will provide research into the perceptions and opinions of those in the decision making process and provide an improved understanding of the intricacies of the controversial outsourcing process. Districts may have opportunities for cost savings, quality, and efficiency, but need to tread carefully into this complex and emotional issue with an acute shortage of reliable research from which to draw.

Limitations and Delimitations of the Study

Pajares (2004) defines a limitation as potential weaknesses of the study. The key limitation of qualitative research is that its findings cannot be extended to larger populations with a similar level of certainty that quantitative analyses can. This is due to the fact that the findings of the research are not tested to discover whether they are statistically significant or due to chance.

Johnson (2009) advises the researcher that quantitative research also has its limitations. Large samples are required, and the logistical difficulties inherent in gathering a sufficiently large sample can negatively impact the study before it even gets off the ground. Johnson also notes that quantitative research, by virtue of its short questions and rigid structure, is not the most flexible method of research and, when handled improperly, is especially vulnerable to statistical

error. Johnson (2009) adds that the misuse of sampling and weighting can completely undermine the accuracy, validity, and projectability of a quantitative research study.

A careful examination of those identified by Retzlaff's (2009) study and additional research related to the limitations in qualitative studies revealed numerous limitations specific to this study as follows:

1. Whether significant savings were realized by outsourcing will be self-reported rather than assessed through financial records. Respondents answering in a way which simply make their own decisions appear prudent cannot be ruled out. If this occurred, this would represent a threat to the internal validity of the study.
2. Limitations associated with the use of technology must also be considered. Participants' familiarity and comfort with the technology being utilized, such as cameras and recording devices, could have an effect on their responses.
3. There is only a good faith estimate that participants actually responded to the questions to the best of their ability. Moreover, how accurately participants recalled details before and after outsourcing could have a significant impact on responses.
4. A common limitation in both qualitative and quantitative research is the participants' willingness to participate.
5. The possibility that the intended participants will delegate responding to questions to an individual with an insufficient background to provide accurate answers.
6. All perceptions and obstacles might not be covered. Although the depth of information provided by qualitative research lessens the likelihood of this occurrence, this must still be considered as a limitation of the study, as it could have a negative impact on the internal validity of the study.

7. The variance of the job duties and time in district amongst participants from district to district may impact the level of accuracy from respondents.
8. The main perspective from which conclusions are drawn is that of the board and administration. This can thus also be seen as a limiting factor in this study.
9. Luntz (1994) informs the reader that focus groups, the format of this research project, does have limitations. The participants are chosen scientifically but, as a group of 10 or 12 people, the findings cannot be projected onto the entire population. The results are dependent upon the interaction between the respondents and the moderator, and unprofessional moderating can lead to inaccurate conclusions.

Pajares (2004) further explains that a delimitation addresses how a study will be narrowed in scope, that is, how it is bounded. Accordingly, the delimitations of the study, provided by extracting and expanding upon Retzlaff's (2009) study, have been identified as follows:

1. Only public school stakeholders involved in the decision making process were surveyed so that the results do not represent the perceptions of the parallel group in private, charter, and alternate school systems. Although these schools vary widely, the majority function without unionized labor. The perceptions of this group were purposely omitted, as this group would likely skew the data designed to provide information specific to public school stakeholders.
2. Limiting the research to public schools in Passaic and Bergen Counties resulted in another delimitation. Limiting the study to four study groups was done to allow for in-depth questioning in lieu of a large number of participants with less granular data.
3. The researcher collected and analyzed all data without consideration for the size of

- the district. Data were examined across groups and not between groups by design.
4. The author's familiarity with the participants and the opportunity to meet with many of them on a monthly basis greatly increased the likelihood of a high participation rate. A low participation rate would thus reduce the external validity of the study.
 5. The diversity amongst the districts in the two counties should lend itself well in providing a wealth of information regarding the public school districts that participated. However, comparisons to other groups would not be reliable. Qualitative studies, as mentioned earlier, are not tested to discover whether they are statistically significant or due to chance.
 6. Limiting the study of outsourcing to non-instructional services was done intentionally to narrow the scope of services to those which are most likely to be outsourced in public schools. The outsourcing of educational services is determined by a different set of criteria; i.e., economies of scale, and could distort the data-collected survey.

Definition of Terms

The following are operational definitions for terms which will be used throughout this research study. Again, they are a combination of terms identified by Retzlaff (2009) and additional terms necessary for the reader to have a clear understanding of this study.

- ***Charter School.*** Independent public school, governed by a board of directors. These schools receive funding from both state and local sources and are exempt from many of the laws and regulations with which public schools in the same district must comply.
- ***Custodial Services.*** Custodians (as opposed to house cleaners) work in buildings, hospitals, schools, apartment complexes, hotels, and other industrial or commercial

spaces. Custodial services can include cleaning, small repairs, extermination, snow or debris removal, and other general management of buildings and grounds.

- **Food Services.** The preparation, delivery, serving, etc., of foods: Services in schools also include but are not limited to implementing and maintaining a school or district-wide child nutrition program.
- **Maintenance Services.** Work that includes but is not limited to the general repair and routine upkeep of school facilities and equipment.
- **Non-instructional Education Services.** Services which are not instructional in nature. Examples include child nutrition, student transportation, clerical, custodial, and maintenance services.
- **Outsourcing.** (also known as privatization) The procurement or contracting of services outside the school district. LaFaive (2007) indicates that the most commonly utilized form of school privatization or outsourcing is "contracting, which occurs when a school district signs a contract with a for-profit or nonprofit firm to provide services" (p. 1).
- **Public School.** Webster (2010) defines a public school as a free tax-supported school controlled by a local governmental authority. The schools examined in this research are all public schools; by definition, they are funded by taxes.
- **School Aid.** School aid is financial support provided to the schools by a governing body. (e.g., State Aid). For the purposes of this study, the reader should be aware that the level of state aid a school receives is determined by a hotly debated funding formula.
- **School Climate.** Loukas (2007) denotes the feelings and attitudes that are elicited by a school's environment are referred to as school climate. Although it is difficult to provide a concise definition for school climate, most researchers agree that it is a

multidimensional construct that includes physical, social, and academic dimensions.

- ***School Culture.*** Culture influences every decision made in a school. One definition of school culture submitted by Phillips (2003) states that it is “the beliefs, attitudes, and behaviors which characterize a school” (p. 1).
- ***Stakeholder.*** Webster (2010) defines stakeholder as one who is involved in or affected by a course of action. In the context of education in this dissertation, it includes all that are involved in the decision-making process and all that are affected by outsourcing.
- ***Tax Levy Cap.*** A fee on real property based on its use and its assessed value is a tax levy. For the purposes of this research, a tax levy cap is defined as a limit on the increase in funding from taxes (usually expressed in a percentage increase over the previous year) which a school can request for the applicable fiscal year.

Chapter Summary

For the past thirty years, it has been a common practice for public schools to outsource non-educational services. The many schools that have chosen to outsource services have not done so without controversy. While some claim significant savings and gains in quality in service, others portray results as poor, noting problems such as transient workers, poor security, a lack of commitment, and a laissez faire attitude.

Many districts have been able to improve custodial and maintenance services and reduce costs through outsourcing. However, critics point out to board members examples of deteriorating service and quality and the negative impact on existing members. The jury is still out. Many researchers have found varying degrees of success in their specific areas of contracting. Schools need to proceed with caution when considering outsourcing.

This research study, which utilizes focus groups to provide high quality qualitative data, is designed to provide insight into the impact of the privatization of non-educational services on public schools. By examining the data for patterns and common themes, a better understanding of the perceptions associated with this controversial issue will be provided.

Decision makers currently have little to draw upon during the current fiscal crisis when considering the outsourcing of non-educational services. This research will add important data to an area with an acute shortage of reliable information available.

Chapter II

LITERATURE REVIEW

Introduction

In order to develop a greater understanding of the present issues regarding the outsourcing of non-educational services in public schools, Chapter II provides a review of the current literature as it applied to the perceptions of outsourcing which were the underpinnings of this research.

This study was motivated by the current financial difficulties of our public schools. Wolfe (2011) lamented that the just-completed congressional debt ceiling decision means that the Education Department will likely have less funding, as our national money woes are projected to continue for the foreseeable future. The New Jersey School Boards Association (2011) pointed out that New Jersey's outlook was also bleak; as tax revenue continued to plummet, legislators did not renew the "millionaire's tax" on those earning over \$400,000 and Governor Christie warned more dramatic budget cuts were planned.

These fiscal crises created powerful demands to stretch taxpayer dollars. In addition, more legislative mandates required school districts to do more with less. Accordingly, public school administrators needed to consider strategies to maximize available dollars to avoid further cuts to educational programs and services.

Outsourcing non-instructional education services is a management tool which is being considered by a growing number of school districts. Wallenberg's (2009) findings show cost improvement, and thus efficiency is the main driver when the outsourced services are simple and the contracting period relatively short. Wallenberg (2009) pointed out that a clear shift of importance is observable when services increase in complexity and the contracting period

lengthens. In such settings, outsourcing is driven by proactive performance improvement and thus effectiveness, while cost improvement plays a subordinate role.

There is little for those constructing school budgets to draw upon to determine whether Wallenberg's claims apply in the educational arena. As a matter of fact, there is little research to support or dispute claims of performance enhancements in outsourcing non-educational services in our public schools. This information is needed to make informed decisions regarding whether, when, and what services schools should be outsourcing.

Findings provided by this study may enable those individuals responsible for making funding decisions in our public schools to improve educational offerings by saving valuable funds, which can instead be expended to improve instructional programs.

Inclusion Criteria

The content of which this literature review is composed is extracted from the limited research available in the area of the outsourcing of non-instructional services in public schools. An examination and analysis was conducted to review the areas noted in Chapter 1 as follows: the need and availability of outsourcing non-instructional education services; the economic impact of privatization of non-educational services, the current policies and procedures currently being utilized to both identify areas for outsourcing and evaluate outsourcing effectiveness, and the perceived obstacles and critical issues related to outsourcing.

This research was designed to provide school leaders with the requisite information to become more aware of the impact outsourcing has on their schools and the information needed to make well-informed decisions on how to deal with the controversies surrounding privatization and the intricacies of outsourcing.

A broad investigation of the available outsourcing literature was carried out, utilizing ProQuest and other databases available to the students at Seton Hall University, Montclair State University, and Fairleigh Dickinson University. An online search was conducted, utilizing the filter to eliminate materials that were not peer reviewed. The following search terms were included: outsourcing, privatization, non-instructional education services, public school custodial and maintenance services, outsourcing educational technology services, outsourcing public school transportation services, outsourcing public school food services, outsourcing and obstacles, outsourcing and budgets, and outsourcing and finance. It should also be noted that the outsourcing of all services of schools, which would result in an arrangement similar to a private school, were not examined as part of this study.

A Brief History of Outsourcing

Discussions about outsourcing trace back to the case of subcontracting cigarette manufacturing to poor Catholic nuns in eighteenth century Spain. A portion of the tobacco production, under the guise of compassion, was outsourced to poor Catholic nuns. Carmona (2007) notes that the divergence between public discourse and actual practice from the standpoint of the framework of power/knowledge needs to be examined. His findings suggest that the practice was inspired not by compassion but by the concomitant effects of (1) the deployment of political influences in order to ensure deterrence of gender conflicts within the manufactory, and (2) capitalization on the disciplinary tradition of nunneries by the tobacco monopoly.

Accordingly, as the researcher scrutinized the literature available on outsourcing, particular attention was given to filtering the rhetoric which has clouded the facts regarding the why, what, and when to outsource services.

Handfield (2006), in his historical overview of outsourcing, notes that since the Industrial Revolution, companies have grappled with how they can exploit their competitive advantage to increase their markets and their profits. Although many companies, such as publishers, utilized outside vendors to accomplish tasks such as printing and binding, conventional wisdom was based on the premise of diversification to broaden corporate bases and to take advantage of economies of scale.

Subsequently, corporations of the 1970s and 1980s were plagued by a lack of agility that resulted from large management teams. To remedy this issue, many large companies employed a new strategy of focusing on their core business. Accordingly, the formal introduction of outsourcing occurred, as management committed their efforts to identifying critical processes and deciding which could be outsourced.

School districts lag far behind their business and military counterparts in the use and understanding of outsourcing. As the financial crisis persists and schools need to consider outsourcing to balance budgets, outsourcing continues to evolve into a complex and controversial issue.

At this point, with a broad overview of outsourcing already provided, the focus of the literature review shifts specifically to the research questions. Hopefully, the researcher's goal of providing the reader with an informative prelude to the upcoming examination of current perceptions in the practice of outsourcing non-educational services has been achieved.

Research Specific Literature Review

The categories in this section of the literature review were driven by the research questions as documented in the following sections. A review of the current literature relating specifically to the research questions in our public schools was organized as follows:

1. To what extent do those stakeholders involved in the decision-making process believe outsourcing non-instructional services is available and necessary?
2. What are the perceptions of those stakeholders involved in the decision-making process concerning the outsourcing of non-instructional education services on school funding?
3. What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in the district?
4. What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district?
5. What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the district?

Availability of Outsourcing

A review of the literature revealed a long history of companies outsourcing operations for which they lacked internal competency. Retzlaff (1990) explained that in the 1990s, as organizations began to focus more on cost-saving measures, they started to outsource those functions necessary to run a company but not related specifically to the core business. Managers contracted with emerging service companies to deliver services such as accounting, human resources, data processing, internal mail distribution, security, and plant maintenance.

Sinnock (2011) notes that while outsourcing's origins lie in cost management, it has evolved to the point where the catalysts for its use today are many times more strategic and compliance-related than cost-related. He believes outsourcing today is more about tapping specific talents for specific situations and compliance than cost, although cost is still part of the equation.

A further examination of the literature revealed that outsourcing has evolved into a multi-billion dollar industry which can offer virtually all the functions of most corporations, and certainly all the ancillary services of the public schools which were part of this study. Moreover, in Sinnock's (2011) article about the evolution of outsourcing she proclaimed that "Competition breeds excellence," noting that the evolution of outsourcing resulted in a situation where multiple vendors doing the same type of work are available and this competitive situation could help keep costs under control (p.35).

The non-educational services specific to this study included custodial and maintenance services, technology services, transportation, and food services. An investigation of the available literature revealed that presently a large number of vendors were competing to provide the abovementioned services to our schools.

Webzell (2010) reports that as a result of constant cost pressures, the days when every factory supported its own dedicated maintenance and repair department are on the wane. He states that many manufacturers' outsourcing provided the favored route in recent years and that not only did outsourcing eliminate the need for a dedicated in-house resource, it passed on the responsibility for this onerous task, and if delegated correctly, kept the auditors happy.

A Request for Proposal (RFP) issued by the Wallington Board of Education on September 15, 2011, for custodial services resulted in seven companies bidding for the job at hand. A review of the *Janitorial & Carpet Cleaning Services: Quarterly Update* (2011), published by First Research Industry Profiles, revealed that the U.S. janitorial services and cleaning industry consists of about 50,000 registered janitorial companies with an annual revenue of about \$35 billion. Major companies include divisions of large companies such as ServiceMaster and ABM Industries. This report also noted that private companies are growing

steadily, pointing out that the 50 largest companies generate about 30% of revenue. Accordingly, the author stated with certainty that in the area of the outsourcing of custodial cleaning services, sufficient availability exists for the population selected for this research study. This claim was confirmed by the researcher by utilizing the Lycos Yellow Pages to determine the number of cleaning services within 10 miles of 15 randomly selected cities from amongst those in Bergen and Passaic Counties. This random sample taken from the population being utilized in this study revealed that, on average, 14.35 cleaning services can be found within 10 miles of each locale selected.

The remainder of the non-educational services targeted for outsourcing in this study included maintenance services, technology services, transportation, and food services. The researcher found through a review of the current literature that sufficient availability of the abovementioned services exists for the population selected for this research study.

In determining the availability of outsourcing of maintenance services, the researcher felt it was necessary to clarify a point which may have caused some confusion on the part of the reader. Philip Geiger, in the January 2011 issue of *School Planning and Management*, noted that although districts reporting outsourcing of maintenance was small (less than five %), that number may actually be much larger since districts often used job-order contracting to hire HVAC (Heating, Ventilation, and Air Conditioning) contractors, plumbers, roofing contractors, and electricians. These services, which are considered part of school maintenance functions, have skewed reports which attempt to examine either the availability or utilization of outsourcing maintenance services.

With this in mind, the researcher conducted a similar investigation to determine availability. Again, the researcher randomly selected 15 cities in Bergen and Passaic Counties.

The number of companies within 10 miles of each location offering services for HVAC, plumbing, roofing, and electrical services was investigated. The results for the aforementioned services were determined as follows:

HVAC -- 5.6

Plumbers -- 19.4

Roofing Contractors -- 13.5

Electricians -- 16.8

To provide further insight into the availability of outsourcing for the non-educational services examined as part of this study, the researcher utilized Retzlaff's (2009) study to point out that LaFaive (2007) noted outsourcing non-instructional education services had been identified by numerous researchers as having top growth potential with current growth rates often exceeding 25% annually.

A review of the current literature supports the claim that there is sufficient availability of vendors in Bergen and Passaic Counties in New Jersey to provide for the outsourcing of custodial and maintenance services for the public school districts included in this study.

In trying to leverage outsourcing as a valuable tool in attempting to become more effective and economically efficient, the areas being considered for outsourcing continue to grow.

Cost savings continued to be the main focus of the additional non-instructional education services being considered. The same is true in the remainder of the non-instructional areas being examined in this study, which included food service, transportation, and technology.

A review of the literature to determine the availability of outsourcing in the remaining areas of food service, transportation, and technology resulted in similar findings. These findings

revealed a sufficient availability of vendors to support the public schools included in this study.

According to Cognizant Technology Solutions (2010), users need to take advantage of a new era of opportunity. They must adapt to dramatic changes in the world of Information Technology. Globalization, cloud computing, mobile communications, social media, and a generation of "digital natives" are demanding rapid and continuous reinvention of how online services, software products, and digital devices are created, used, and sold.

Schools need to keep pace with the advances in technology which research supports can increase student achievement. This task is neither simple nor cheap. For that reason, technology services are more commonly outsourced than any other service examined in this study. A further discussion of the current utilization of outsourcing services is included in the necessity section of this literature review.

As noted by the U.S. Department of Education (1997), commercial developers of educational technology have begun offering school districts a complete "one stop" package that includes hardware, networks, courseware, and training for an inclusive, annual flat fee per student. This indicates that developers are beginning to tailor their selling and pricing policies to suit the funding constraints of schools and districts. The number of technology vendors available to schools for outsourcing far exceeds the number of vendors being examined in this study. As previously calculated in the areas of cleaning and maintenance services, the researcher randomly selected 15 cities in Bergen and Passaic Counties. The number of companies within 10 miles of each location offering technology services was again determined by utilizing the on-line Lycos Yellow Pages. An average result of 23.8 companies, jointure commissions, or independent consultants available for technology services supports *Proquest News*' (2012) claim that the question is not whether to outsource for IT (Information Technology) services but how and with

whom. This news service notes that it is not simply a question of who will install and maintain computers and smartboards in classrooms or administrative offices.

It goes far beyond that, to strategies and techniques to use technology toward enhancing student achievement. The complexity of the many technologies with which public schools currently deal has resulted in the tremendous growth of the number of vendors offering support services. Lan (2010) noted the last decade saw unparalleled development of technology companies with a surge toward the commercialization of education. The numbers discovered by the researcher's survey support the claim that there is a sufficient availability of vendors to support the public schools included in this study.

Food services was the next area where the issue of availability was researched. Again, it was determined that the availability of vendors to fulfill the outsourcing needs of the schools in this study was sufficient.

According to Philadelphia-based Aramark Education, 12% to 15% of K-12 school districts nationally outsource food service. McClatchy (2012) proclaimed if private business can provide improved food services for less cost, then it is likely the work will be outsourced. This is a common scenario nationwide, as well as with the districts included in this study.

Aramark, Sodexo, and Chartwells are three of the major players in the food services industry. With these three large corporations in the food services industry providing their services in Bergen and Passaic Counties, there appears to be ample capacity to provide services to the schools included in this study. There are also a substantial number of private caterers and small companies willing to provide services to the aforementioned districts. Most are familiar with the compliance issues associated with working in an educational setting with children. Again, the food services area is another platform schools may want to consider outsourcing

either to reduce costs or improve the quality of service. This issue will be discussed further in this literature review in the section dealing with the necessity of outsourcing.

The final service which was examined for availability in this research study is transportation. Fickes (2011) provides information which shows that approximately 20% of districts totally outsource their transportation services. The percentage of districts who utilize outside companies to supplement their own transportation capabilities is markedly higher.

Specifically in Bergen and Passaic Counties, First Student Inc., Rinaldi Transportation, Scholastic Bus Company, Laidlaw and The South Bergen Jointure Commission already serve a high percentage of the school districts being examined in this study. Reliable data were not available to determine whether existing companies could provide for the needs of the entire population of this study. However, an interview with Dawn Fidanza, the superintendent of the South Bergen Jointure Commission provided some useful data.

Fidanza informed the researcher that the South Bergen Jointure Commission provides services to 46 districts of the 82 districts in Bergen County. She also noted that transportation services for the commission generate approximately 46% of its total revenue.

As a board member of the South Bergen Jointure Commission, the researcher has observed the commission's ability to readily expand or contract their capacity to match the needs of the participating districts. With this in mind, it is logical to deduce that the competitors in the transportation field could replicate this ability to expand and contract. Accordingly, the researcher has sufficient supporting data to state that there is an ample level of transportation services available to fulfill the outsourcing needs of the districts being examined in this study.

In completing the availability section of this literature review, it should be noted that the availability of outsourcing is the least controversial of all the issues being examined. The

researcher expects that the perception of whether outsourcing is available will remain consistent amongst the focus groups in the study.

Necessity of Outsourcing

Unlike the section of the literature review on availability, the researcher found the necessity issue regarding outsourcing to be largely controversial. Handfield (2006) noted that in the earlier periods, cost or headcount reduction were the most common reasons to outsource. He also brings to light that in today's world the drivers of privatization are often more strategic.

There are a number of reasons why a district might opt to outsource. A comprehensive search of the limited material available on outsourcing services in public schools revealed that reducing and controlling operating costs remained the most prevalent reason for school districts to consider outsourcing.

However, Handfield (2006) pointed out that districts were beginning to mimic their corporate counterparts and identified numerous other reasons schools examined to determine whether outsourcing was necessary. These included improving the school's focus, gaining access to additional expertise and capabilities, increasing efficiency, freeing up internal resources for other purposes, reducing functions that need to be managed internally, resolving functions where insufficient resources are available internally, sharing risks with a partner company, and eliminating the need to deal with difficult workers' unions.

Although the necessity or benefits of outsourcing might outwardly appear simple and straightforward, this has evolved into what is currently one of the most controversial and passionately debated issues in public schools. With unions protecting the jobs of their members, for each of the abovementioned benefits, labor unions have gathered support for their anti-outsourcing position.

Patel (2012) provides an example of a common situation where those on both sides of the outsourcing argument cannot support their claims with reliable data. Patel cites the case of Texas A & M where, despite claims going on for three years of an audit that will examine how much money has been saved because of the outsourcing effort, then Chancellor Mike McKinney in 2009 said the goal was \$20 million in savings. No review has been conducted. Conversely, according to the *Faculty Letter*, a publication authored by the faculty of Texas A & M, "there has been a history of consolidation and moves for efficiencies by A & M over a number of years. From the perspective of the faculty these have always yielded decreases in service and insignificant if any savings" (Patel, para. 2). Kinney, (2011), who grew up in the labor stronghold of Detroit, had a different interpretation. "What we're really talking about," he said, "is union busting."

For each and every benefit which would deem outsourcing necessary, opponents have countered with claims to the contrary. With their members' jobs at stake, the unions continue to dispute any and all claims that outsourcing services results in benefits to school districts.

In June of 2011, the Michigan Education Association (MEA) launched the Privatization Complaint Box on the home page of their website. The MEA claimed this was done in order to balance the one-sided media coverage of privatization. The MEA categorizes the Complaint Box as a service that allows school workers to file complaints about the shoddy work done by the privateers that replaced school employees. The MEA receives these complaints often enough that an effort to collect them in an organized and searchable form was called for. This collection of complaints can be utilized by any educational union attempting to ward off attempts by districts to outsource non-educational services.

The following section includes examples from the Privatization Complaint Box that are specifically related to the services included in this study. They are regularly being utilized by opponents of outsourcing in an effort to save the jobs of their members.

- Control Building Services of Secaucus, New Jersey, failed to adequately conduct a background check of its employees. 75% of the contractor's employees did not have background checks on file.
- Keller School District in Texas contracted with Aramark to run its Maintenance Department. The district eventually terminated the contract after learning of missing records, broken equipment, and financial mismanagement;
- The New Orleans School District terminated its contract with AME Services to provide custodial services because of the poor quality of its work and escalating costs. Examples: In a high school, "human feces remained in mop sinks and bowls in the gym area." In a middle school, "countless numbers of soiled sanitary napkins were left for a long period of time" (Privatization, para. 1).
- Lee County Schools, Pennsylvania, terminated its contract with Aramark to provide employee training, supplies, and cleaning equipment. School administrators maintained that in-house staff would do a better job because they are held accountable and take more pride in maintaining school buildings.
- During the first year of the Richmond (Virginia) School System's contract with Chartwells to provide food services, the company lost the school district more than \$900,000. In addition, the school board learned that the company had overcharged it for numerous food items. The board opted to not renew the one-year contract. According to a school board member, "Chartwells was supposed to be the panacea to

all our food service issues. We've been duped, we've been had, we've been hoodwinked, we've been suckered."

- Sodexo, which provides food services to the Western Oaks Middle School in Oklahoma City, served meals that had been left in food warmers over the winter holiday break to students returning to school despite a company policy to empty food warmers daily. Several students became ill as a result.

The opponents of outsourcing continue to focus their energies on portraying the companies that provide services to the schools as substandard. With claims of insufficient background checks, transient workers, overbilling, high theft rates, shoddy work, and a general lack of caring and commitment on the part of their workers, they have gathered a sizeable amount of public support for their objections. It is worth reiterating that the arguments are passionately fought because the stakes are so high. Good-paying jobs with high-quality benefits are at risk of being replaced by jobs with significantly lower wages and only a small fraction of the benefits available to current employees who are part of a unionized workforce.

As expected, the researcher came across scores of examples which contradict the claims made by opponents of outsourcing who contributed their anecdotal stories in the Michigan Department of Education's Complaint Box. The following are examples where supporters of outsourcing non-educational services claimed tremendous benefits. Supporters see outsourcing as a necessity for public schools trying to get the maximum benefit for every dollar at a time where a limited amount of financial resources are available to them.

Lewis (2007) informed the members of the Commission's Education Ideas that the Jacksonville, Florida school district has successfully outsourced student transportation and food service for several years and is still working toward privatized custodial services. He also

proclaimed that the district should continue its commitment to outsourcing student transportation, food service and custodial maintenance. Lewis (2007) also noted that routine building maintenance should be delegated to principals in concert with central administration regarding vendors (advantageous unit pricing and contractual terms). He is an avid supporter of outsourcing who proclaimed that the advantages of outsourcing also encompass economies of scale, reduced favoritism, and technical competency.

Leck (2012) points out that over the past few decades, as global footprints have expanded, companies have sought out the benefits that can be gleaned from outsourcing or shared services. According to consultants Everest Group, over 70% of Fortune 500 companies use shared services or outsourcing for some of their functions; these bring cost and efficiency *advantages* but often at the expense of in-house resources. The trick is getting the balance right.

As is the case with opponents of outsourcing, those that support outsourcing have anecdotal stories but little data or research to back up their claims. However, the researcher did discover that the amount of literature which opposed outsourcing was significantly more than those that support these efforts.

Although the amount of viable research is limited, the researcher found that the vast majority of supporters of outsourcing focus their support based on one of three advantages that they claim outsourcing provides as a management tool.

In the educational arena, cost savings remains the most dominant response. As a bleak outlook for school funding continues to plague districts, finding money to simply maintain programs, along with a wide array of mandates imposed by the New Jersey Department of Education, becomes quite challenging.

A review of the available literature reveals the remaining two most frequent responses were gaining access to additional expertise and capabilities while increasing efficiency and eliminating the need to deal with difficult workers' unions.

Leck (2012) identifies the most important opponents versus supporters of privatization dispute by stating the Eau Claire school district could outsource some of its services, a move that could save schools money but put present workers' jobs at risk. As the researcher analyzed the focus group responses to the "question route," there was an acute awareness of comments which pertained to the relationships between the individual bargaining units with board members and administration. The necessity of outsourcing is an area which required constant monitoring by the researcher. Determining whether districts either endorse or oppose outsourcing is dependent upon their stakeholders' perceptions of the financial impact, efficiency, quality of service, and worker relations within their own districts.

Financial Impact of Outsourcing

The financial impact of outsourcing non-educational services in public schools is another area where little reliable research is available for school leaders to rely upon. A broad review of the limited literature available revealed overwhelming support for claims that financial savings are available through outsourcing. Choi (2007) notes the low-cost alternative has been identified as one of the main reasons to outsource, and is commonly known for the opportunity for lower wages and lower labor costs.

The August 7, 2011, issue of the *Transportation Business Journal* reported that one year after Regional *School* District 17 (RSD 17), which serves the towns of Haddam and Killingworth, Connecticut, chose to outsource its school bus service to Student Transportation of America (STA), the school district has achieved a budget surplus that allows it to assign *savings*

in operational expenses from the sale of its bus fleet to reduce town tax assessments and *school* budget costs. In 2010 the school board set aside the \$830,000 Student Transportation of America paid for the district's bus fleet in an interest-bearing saving account. The school board plans to use those funds over the course of three budget years to defray expenses. The article also points out that in addition to this recent success story, states and school districts across the country have been grappling with the rising costs of education. Privatizing, or outsourcing, school transportation to a private contractor is an option many are choosing with positive results.

Although the research is limited, there is no shortage of news articles bringing outsourcing into the limelight as a management tool in public schools. The April 2, 2011, issue of the *McClatchy-Tribune Business News* reported that in addition to outsourcing food services, Superintendent Burke of the Turkeville, Washington schools said his staff is considering issuing other RFPs, seeking companies that could take over custodial and groundskeeping services for the district. Those functions are now done by 75 custodians and 9 groundskeepers, according to district Human Resources Director Cheryl Allen. Although School Board Chairman John Dick was against privatizing food service, he pointed out that in tough budget times, it's necessary to examine potential savings. "Everything is on the table, as it should be."

A look into articles from those most opposed to privatization supports the claim that there are substantial cost savings associated with outsourcing non-educational services. In the March 2012 *Tribune Business News*, based in Chicago, Angela Carter authored an article titled "Thousands Hit Streets to Support Unions." Carter (2011) reported that portions of Church Street and the Green disappeared under the feet of retired city custodian Larry Nelson and more than 3,000 marchers, who stood together against forces they say are widening the gap between the rich and poor and stripping hard-working people of jobs, benefits, and pensions. "We can't

take from the people who don't have anything" (Patel, p. 2). Nelson said, as the Reverend Scott Marks revved up the crowd with a song pegged to the theme of the event: *We Are One*. As strong as their opposition was, they concurred that Mayor John DeStefano, Jr., and the Board of Education are considering a plan to outsource the work of almost 200 school custodians, which would provide a savings of about \$7 million in cleaning costs to the district.

All financial indicators predict that the fiscal challenges that schools face will not be short-lived. Accordingly, the financial impact of outsourcing will be an area likely to attract a great deal of attention and be researched aggressively to close the gap in the availability of reliable research. The researcher's review of the literature determined that there is a need to provide the data necessary to clarify the amount of savings available. Unions and service company estimates of the amount of savings that outsourcing provides are vary widely.

In March of 2012, Julianne Hanckel penned an article titled "Preston Keeps School Bus Drivers, Won't Outsource Contract." This article illustrates that we need to wade through the conflicting reports on available savings. Hanckel reported the Preston Board of Education voted against the controversial proposal to outsource the school transportation contract almost six months after it had decided to evaluate the potential of cost savings to the town. In the 5-2 vote, two school board members, Chairwoman Pauline Andruskiewicz and member James Jancewicz, supported the motion to outsource, stating they would have liked to see more concrete information. Board and Transportation Subcommittee member John Moulson said he would support the contract change only if a significant amount of money could be saved.

There was a very limited amount of research to draw from that school leaders could utilize to determine whether the level of savings would meet their own definition of substantial. However, there is sufficient literature available for the researcher to support claims that the

financial impact of outsourcing provides savings and remains the most frequent response when school leaders are asked their reason for considering outsourcing.

In summarizing the literature review for the financial impact of outsourcing non-educational services, there is no research available to support the claims of the minority of opponents of outsourcing who claim there are little or no savings to be realized when privatizing the services examined in this study. The overwhelming evidence shows that outsourcing can save districts enough money to make a positive difference in the level of educational programs and services they can offer. The researcher feels the increasing regularity in which outsourcing is being utilized in the school districts in the counties studied in this research process will reveal that financial impact remains the driving force behind school leaders' decisions to outsource.

Criteria for Outsourcing

This segment of the literature review examines the data available that look at the criteria used for making the important decision of whether to outsource or continue to outsource a non-educational service. The researcher utilized the outsourcing criteria and outsourcing guidelines provided in the literature review of Retzlaff's (2009) study, of which this project is an extension. The sections were expanded upon and updated with the most current literature available and were examined for trends which occurred since 2009 when Retzlaff's research was conducted.

As noted in Retzlaff's (2009) study, in many states some educational programming functions and related services have been outsourced for some time by local school districts (LaFaive & Stafford, 2006). They also noted that public school districts continue to work to improve their non-instructional education services, especially in the areas of transportation, food service, technology, and custodial and maintenance services.

During the period of time between Retzlaff's study and this research project, school

superintendents and finance administrators continue looking at ways to improve productivity while considering other options to decrease the costs for these non-instructional educational services. These are certainly times where the fiscal challenges have become more intense and dollars are at a premium. (Koenigkramer, 2007).

The American Association of School Administrators, a national organization of which the researcher is a member, has authored many useful articles pertaining to the criteria for outsourcing. Whether the criteria for outsourcing are driven by cost, increased efficiency and expertise, or resolving difficult labor situations, school leaders must find ways to improve or at a minimum maintain non-educational services while staying within budgetary boundaries as funds continue to be cut,

Accordingly, there are numerous criteria which need to be considered in the decision-making process. Mathis (2010) authored an article in the AASA publication *The School Administrator* titled "Considerations Before Outsourcing Services." He developed a well-defined and organized listing of considerations which the researcher found helpful in providing the reader with an understanding of the pertinent issues in the outsourcing process. Mathis (2010) stated, "If contracting out seems your best solution, make sure you take the following points into account" (p. 2). An abridged synopsis, extracted from the abovementioned, article follows:

- Properly define your problem. Are you trying to fix a personnel problem by going to an outside vendor? In almost all cases, if you are not getting straight answers internally, contact an outside reviewer or audit your existing programs.
- Make sure there are enough qualified bidders. If not, the vendor has limited incentive to provide and maintain low prices.

- Conduct a thorough cost analysis. Carefully analyze all internal direct and indirect costs. You will need this when you begin evaluating vendor proposals.
- Write an RFP and solicit proposals. Have a qualified and independent specialist consult with you in drafting the RFP and evaluating proposals. Regrettably, proposals seldom compare apples to apples. Careful weighing is required in the evaluation process. Have a team of readers that includes people with all the relevant skills. The researcher has found through conversations with his colleagues that insufficient details in an RFP is a major problem amongst public schools with little experience attempting to outsource non-educational services.
- Closely review proposed contract language. Have a specialist and your lawyer review the proposed contract. Look for fine print such as increasing cost clauses, fees for extra services, limits on services, and the like.
- Make sure you have a realistic escape clause. What's the length of the contract? Are there cancellation penalties? Will you have sold your fleet or inventory and thus be effectively held captive?
- Examine hidden, overhead, and indirect costs. Consider your costs for monitoring, compliance, management, business support, facilities support, and supply costs. Will you have to hire supervisory staff? Will these costs make outsourcing less cost effective?
- Closely evaluate caps on services. Are they realistic and reasonable? Are above-cap costs in line with market costs?
- Analyze the social costs to your community. Will this cause a reduction in pay for some of your citizens? Will it put community members out of work? Will health

better understanding of the hedgehog concept to the reader, the researcher selected excerpts from Blumen's article as follows:

1. What can you be the best in the world at (and what can you not be the best in the world at)? You may have a core competence in something, but you may not be the best in the world at it. Do only what you can be the best in the world at. A hedgehog concept is not a goal to be the best, a strategy to be the best, an intention to be the best, or a plan to be the best. It is an understanding of what you can be the best at. The distinction is absolutely crucial.
2. What drives your economic engine? The good-to-great companies attained piercing insight into what generates robust cash flow and profitability. These companies discovered their single denominator--profit per x--that had the greatest impact on their economics. The denominator can be quite subtle, sometimes even unobvious. The key is to use the question of the denominator to gain understanding and insight into your economic model.
3. What are you deeply passionate about? The good-to-great companies focused only on those activities that ignited their passions. You cannot manufacture passion or motivate people to feel passionate. You can only discover what ignites your passion and the passions of those around you. These three core concepts coupled with a fanatical consistency (the Hedgehog Concept) drove the good-to-great companies to consistently create great results without circus fanfare.

What are you the best in the world at? What drives your economic engine? What are you passionate about? The researcher supports the notion that schools need to focus more on their passion for educating the young. We should not be attempting to be experts in areas such

as facilities maintenance, chemical disposal, and electrical design. Outsourcing these areas will allow us to devote our time and efforts to what we do best and what we are most passionate about--educating the students with whom we have been entrusted.

School leaders need to carefully consider all the criteria identified in this portion of the literature review. A weakness in any of the areas noted could result in disastrous consequences for the district. However, when used correctly, the outsourcing of non-instructional education services may not only be fiscally beneficial, but also provide for enhanced quality, facilitate innovation, and improve worker and ultimately student performance. Hopefully, what is gained through outsourcing is returned to the budget in ways which improve programs and instruction.

As Retzlaff (2009) notes, across America there has been a deepening fiscal crisis for federal and state governments and the nation's 14,000 public school districts. Current trends indicate that this fiscal crisis will continue to plague the schools for years to come. As previously stated, taxpayers are creating powerful demands to stretch taxpayer dollars and require school districts to do more with less.

As we examine the criteria which determines whether we should outsource or continue the outsource, it needs to be reiterated that specificity within the contract is essential. A well-written contract includes a detailed account of the vendor's responsibilities, compensation, and length of contract. A cost benefit analysis is often considered as part of this portion of the contract (McClure, 2000).

Retzlaff's (2009) study also provides the reader with the findings of The Outsourcing Institute (1998), which reports that researchers found several conditions that were favorable to implementing outsourcing efforts. The researcher found these conditions to be reliable in the

current outsourcing arena:

- Increased workload for in-district staff (not enough staff to cover workload)
- Reduced budgets for non-instructional education services
- Inability to recruit or maintain specialized experience with in-district staff
- District-wide downsizing often associated with declining levels of educational funding
- Inability to improve current in-district services
- Lack of specialized equipment and training in district

Before proceeding to the second section of the review, which examines what districts need to consider when deciding whether to continue to outsource a service, the researcher feels the best way to summarize this section of the literature review is by utilizing the findings of the Outsourcing Institute cited in the previous section. This organization surveyed its membership and listed the membership's top 10 reasons for outsourcing. In order of importance they are as follows:

1. Organization wants to reduce and control its operating costs (salaries, benefits, hardware, training, other equipment).
2. Organization desires to improve its focus (main goals and objectives, not ancillary services).
3. Organization desires to gain access to maximum capabilities.
4. Organization wants to free its internal resources, including staff and funds, for redeployment to other purposes (focusing on main goals and objectives).
5. Organization does not have sufficient internal resources available (whereas the vendor may have specialized equipment and training).
6. Organization recognizes outsourcing will accelerate streamlining and efficiency

benefits.

7. Organization's desired specific function for outsourcing difficult for in-house staff to manage or control (lack expertise or training).
8. Organization can save dollars by not having to make capital funds available; the vendor does.
9. Organization desires to share risks with contracted vendor (noted in contract language with rewards also noted).
10. Organization recognizes the vendor will provide sufficient funding to the outsourced service.

The researcher also extracted from Retzlaff's (2009) study the survey results of the same Outsourcing Institute to provide school districts with what they perceived as the most important criteria for selecting a vendor. Many times the selection of the correct vendor can be the determinant factor in whether a school district's outsourcing efforts are a success or failure. The results of the survey of the top 10 factors in vendor selection are as follows:

1. Vendor's commitment to quality service
2. Vendor's price--in most instances should be lower than district cost to provide service
3. Vendor's references, reputation, and work history
4. Vendor's ability to comply with flexible contract terms (in scope of work and RFP)
5. Vendor's range of available resources for deployment (at any time)
6. Vendor's additional capacity and capabilities
7. Vendor's ability to have a cultural match with the school district
8. Vendor's existing relationships with the district and other organizations
9. Vendor's location for accessibility to the district

10. Other services vendor other can provide the organization

The next element of the literature review is to examine the criteria for deciding whether to keep a non-educational service outsourced or bring the service back in-house. This so-called evaluation cycle is a process which needs to be completed on a regular basis to monitor services and make necessary adjustments in a timely manner.

McClure (2000) believes the adjustment to an outsourced contractor can often take years to fully accomplish the goals and mission of the district. He informs the reader that performance monitoring and evaluation are usually included as part of the final contract and that it is essential for the district to maintain responsibility for contract monitoring and enforcement.

As previously confirmed in Retzlaff's (2009) literature review, the purpose of outsourcing of any government or education function is to improve the quality of service or to decrease the cost without decreasing the efficiency. As a business model, outsourcing has provided improved profit margins in the vast majority of cases. However, in school settings, the school's students are highly individual and unpredictable and influenced by many forces outside the school's control (Steffans & Cookson, 2002). Retzlaff (2009) points out that because of this, employing business principles in public schools has proven difficult, as these principles often ignore the desires of teachers and parents.

With this in mind, the evaluation of the performance on a non-educational outsourced function is best suited for one familiar with the culture which includes the abovementioned desires of parents and teachers. Retzlaff's study explains that there are additional tools available to the district to evaluate vendor performance. These include scheduled meetings with the vendor, staff surveys and complaint files, and formal performance-based evaluations conducted by the school district. A close look at the results of this diverse set of performance indicators

gives the district the best opportunity to separate the facts from the claims of proponents and opponents who have alternative motives to either maintain or discontinue the privatization of a non-educational service. This is especially true in districts with close ties to the custodians and political figures in the community and where a strong union of workers is present. The researcher has read countless articles of meetings packed with concerned citizens objecting to outsourcing for a wide array of reasons where these conditions were present. In summary, decisions regarding whether to initially outsource or maintain outsourcing need to be based on reliable data and available research. The researcher reiterates that the anecdotal stories meant to stir up emotions are no longer sufficient to drive these decisions considering that students' safety and welfare are at stake.

According to Wang (2004), Retzlaff's (2009) study notes that outsourcing non-instructional education services generally results in improved service and significant cost savings to the school district or agency. Wang (2004) presents four general characteristics of successful outsourced services:

1. Activities that have no reason to be done by the public school district
2. Services that could be provided by a local vendor rather than the public school district
3. Services requiring low job performance skills
4. Services that have clear outputs for school district monitoring and supervision

In summarizing this portion of the literature review, the researcher notes that the decision of whether to outsource or maintain outsourced services is not an easy one. Although the research overwhelmingly supports claims that the outsourcing of non-educational services results in cost savings and efficiencies, outsourcing remains surrounded by controversy. In an economy plagued by high unemployment, eliminating good-paying jobs with generous benefits with low-

paying jobs with few or no benefits is difficult on a number of levels. However, school leaders need to keep students as their top priority and do whatever is necessary to maximize student achievement. As outsourcing continues to save money by addressing the lowest wage earners in the district, it will surely remain controversial and emotional. The criteria utilized to help decision makers in the outsourcing process need to focus on stretching every dollar to maintain existing programs and hopefully someday to restore the beneficial educational programs and services which have been lost throughout the state of New Jersey.

Obstacles to Outsourcing

In this final section of the review before summarizing the available literature, the obstacles to outsourcing non-educational services in public schools will be examined. With the literature showing that there are substantial cost savings in times of financial crisis, efficiencies to be gained, and new expertise to be provided for schools, one might think that privatization would be a trend being embraced by the educational community. Moreover, additional state and federal mandates which complicate compliance in areas ranging from food service-related nutrition to asbestos removal are trends which indicate the outsourcing of some non-educational services need to be considered for outsourcing. However, the research shows that this is not the case.

One must not confuse outsourcing efforts which were done poorly and returning the service to be completed by internal personnel. Retzlaff (2009) notes that in any capacity outsourcing can be a huge change in a school district's organization and culture. Communication must be clear. It is essential that the RFP and vendor contract be well written with sufficient clarity and detail to ensure that all work previously being done by the particular service being outsourced is carried forward under the new vendor's contract. The work needs to be monitored closely as discussed in the previous section of this research.

With that being said, many school administrators have felt uncomfortable attempting to head the outsourcing of non-educational services in their districts. The researcher has witnessed first-hand the strong opposition to the outsourcing efforts in his own district, and in New Jersey districts which were part of this study.

The researcher strongly concurs with Steelman, Powell, and Carini (2000) who claim that school leaders should seek legal advice before they begin their outsourcing effort. Steelman et al. continue to point out that most collective bargaining contracts and unions work to protect the current service providers, usually the custodial and maintenance staff of the district.

It is apparent that the obstacle which stands as the most prevalent hindrance to public school districts' outsourcing efforts is strong opposition from influential public employee unions. The researcher also investigated, as part of his focus group sessions, the compounding of this problem with the union workers not only being protected by collective bargaining agreements but also by political ties to those in the decision making process, as well as being established residents who are well known in the community.

It is understandable that school leaders are hesitant to be identified as the individual who is driving the outsourcing efforts of the district. Being the target of an extensive union-backed public relations campaign to discredit outsourcing plans is likely to put the administrator in a position of being heavily criticized for trying to eliminate what the union terms as "good jobs."

LaFaive and Smith (2007) report that the National Education Association has produced guides for supporting anti-privatization and for anti-outsourcing campaigns. The researcher has found, through the review of a wide array of current news articles and local board meeting minutes, that the abovementioned public relations campaigns to oppose outsourcing have several

common themes or strategies designed to turn public sentiment in favor of retaining these services internally.

One common theme is pointing out that in many cases, the vendors and their employees may not live in the community and therefore would not be as interested or committed to performing their roles as if they lived in the districts they would be serving. Another prevalent strategy utilized by the union was pointed out by LaFaive and Smith (2007). It is often argued by proponents of outsourcing that unions have often overstated the accusation that outsourcing school district services may lead to vendors hiring unqualified or dangerous employees, leading to risks to school and student safety and security.

Retzlaff's study points out that in New Jersey, as in Delaware, there are state laws and other regulatory safeguards in place to ensure that vendors are subject to the same rigorous criminal background checks that the schools require of their own internal personnel. Unions continue to draw attention to those vendors who had inappropriate employees "fall through the cracks." There is no research available to support claims that this happens with more frequency with outsourced or internal services.

As opponents claim that theft is higher, proponents claim familiarity breeds contempt and that those more familiar with the organization are more likely to steal. Again, the researcher was unable to locate any reliable research which supports claims on either side of this controversial area.

Another strategy employed by the union, which the researcher views as the most valid reason to oppose outsourcing, is utilizing the union's availability to monetary resources to bring to the public's attention that good-paying jobs with sufficient benefits are being replaced with

low-paying jobs with few or no benefits. Since outsourcing involves the welfare of human beings, it is not as simple as just numbers.

This results in a situation which provides the textbook definition of the term *dilemma*. Thus, there is a problem with no ideal solution. One choice is to continue to support the internal employees at the cost of cutting educational programs and services to children. The alternate choice involves maximizing what can be spent on educational programs by eliminating some of the lowest paid positions in the district during a time of economic difficulties with little likelihood of the employees being able to find employment which sufficiently replaces the level of salary and benefits to provide for themselves and their families. Neither choice is an ideal solution, and the results are disastrous for either side of the outsourcing debate.

Chapter Summary

The review of the literature shows that outsourcing of services has been an accepted practice throughout a wide variety of federal, state, and local agencies. Further examination of the literature reveals that when these agencies put a service out to bid, a substantial number of vendors openly compete for the business. As a result, in an overwhelming percentage of cases, outsourcing services provide opportunities for cost reductions and increases in both efficiency and capacity.

Another benefit recognized from outsourcing is the ability of the agency to have access to a higher level of expertise, one that has become increasingly necessary as compliance issues become more complex. In many instances, such as increasingly complex nutritional guidelines for food services and complicated requirements for the handling and disposal of diverse chemicals, school districts often lack the funds and human resources to have their employees trained in these highly specialized areas. Conversely, outside vendors offering these services

have employees on staff that are highly trained in the very specific services offered by their companies.

The researcher examined sufficient literature to support claims that the outsourcing of the non-educational services included in this study resulted in both significant savings and increased efficiency for governmental agencies and school districts similar to the specific ones which were part of this study.

Although the corporate world utilizes privatization as a routine practice, the available literature reveals that School districts have only sporadically contracted with outside companies to provide the non-educational services specific to this research project.

It is apparent to the researcher that outsourcing non-educational services remains equally, if not more, controversial since Retzlaff's study was conducted in 2009. In summarizing the literature, it should be noted that in spite of sufficient literature being available to support claims that privatization results in cost savings, improved efficiency, and increases in expertise, opponents of outsourcing continue to put up obstacles which make the process of outsourcing a difficult one.

Opponents of outsourcing continue to focus on the same objections since the time of the Retzlaff study of which this research is an extension. The jury is still out on these controversial, emotional, and hotly debated items.

The abovementioned opponents to the privatization of the non-educational services examined in this study inform the public of the devastating impact that privatization has on current employees. The data exist which show that the current jobs provided by these services will be replaced with lower paying jobs with little or no benefits.

Opponents also present arguments that these "outsiders" will not have the same

commitment as the district employees who are usually made up of local community members. Another contention of the opponents of outsourcing is that outsourcing these non-educational services could result in health and safety risks not associated with current employees.

Further review of the literature found that the opponents also alleged that theft rates would increase as “outsiders” were brought in to provide services previously accomplished internally. These issues will continue to be brought to light as the unions continue to do everything they can to save the jobs of their members. Public sentiment continues to be swayed as the unions point out that money is being saved by hurting the lowest paid employees. During a time of financial crisis, this will remain a major hurdle for districts that desire to outsource these services to increase the amount of funds available for educational programs.

Hopefully, the researcher has successfully articulated that there is a dire need for more research in the outsourcing arena. Public school leaders need to be very cautious when they consider the outsourcing of non-educational services. Public school districts should proceed with caution when considering outsourcing as an option. The financial troubles which are projected to be a problem for the foreseeable future are causing school leaders to cut local budgets. Numerous proponents have revealed varying levels of success when outsourcing the non-educational services discussed in this study. Opponents cite deteriorating service quality in schools and the elimination of good jobs fueled by anti-union zealots. The jury is still out.

The available literature has served as the basis for this study. Although it provides a historical account, the ongoing debate on its pros and cons continues. Accordingly, the researcher found a similar scenario to Retzlaff’s (2009) study in that there are conflicting research arguments concerning outsourcing non-educational services.

The research questions are certain to provide the requisite data for the reader to have a better understanding of the previously stated perceptions and opinions of the funding stakeholders, thus resulting in an improved ability to make well-informed decisions.

Hopefully, this will be the beginning of providing research in an important area which presently has an acute shortage of reliable studies. The outsourcing of non-educational services warrants further examination, as the data required for making prudent decisions are lacking. This data will drive the actions of the funding stakeholders in the outsourcing process, a process with the potential to have a tremendous impact on school budgets, services, and personnel.

Chapter III
METHODOLOGY

Introduction

The purpose of this study is to explain the impact of the outsourcing of non-educational services on publicly funded school districts. Subsequently, those involved in the decision making process will have a better understanding of the current perceptions regarding privatization and may make better-informed decisions.

Methodology, as defined by Webster (2011), is a body of methods and rules, or a particular procedure or set of procedures. The purpose of this chapter is to provide a description of the design and methodology which were used to conduct this research. The study was designed to ascertain opinions and viewpoints as well as identify patterns and trends from amongst the survey participants regarding the outsourcing of non-educational services.

Fran Luntz, president of the polling and communications firm Luntz Research, authored *The Polling Report*. Luntz (1994) noted that the focus group concept is about 50 years old and, like many modern innovations, its roots date back to World War II. He reports that a group of sociologists were asked to investigate how the military's propaganda films were being received by their audiences. They learned that, with proper prodding, people can identify the exact reason certain scenes, lines, or phrases made them think or act in a certain way. He continues by enlightening the researcher to the key to understanding why qualitative research in general, and focus groups in particular, are so important. Luntz (1994) summarized this in a single sentence: "Unlike traditional quantitative research, focus groups are centrally concerned with understanding attitudes rather than measuring them." For that reason, the researcher chose focus groups to gain the high-quality qualitative data needed to successfully conduct this study.

Research Design

The population for this research was selected from amongst the publicly funded schools in Bergen and Passaic Counties in Northern New Jersey. Initially, the population included 74 superintendents from Bergen County and 21 superintendents from Passaic County, along with the Chief School Official from the 9 charter schools in the aforementioned counties. The researcher's objective was to conduct a discussion with the previously defined focus groups in their respective districts or charter schools. Executive County Superintendent of Passaic and Bergen Counties, Dr. Robert Gilmartin, allowed me to distribute a Letter of Solicitation to Participate in Research at his monthly county roundtable meeting. The four respondents were contacted and completed the requisite Informed Consent Form.

The resulting four focus groups' participants numbered six, six, five and seven, respectively. Constituents included 4 superintendents, 13 school board members, 4 business officials and 3 building principals. It should be noted the researcher utilized the New Jersey Department of Education's website (<http://www.state.nj.us/education>), which maintains a regularly updated school directory which includes all public and charter schools in the state to obtain necessary contact information. It should also be noted that the members of the focus groups were selected on the grounds that they were the individuals identified as having a direct role in the process of developing the school budget. Included were superintendents, or directors of charter schools, all board members, the chief business official and building principals amongst the publically-funded schools who agreed to participate and were located in Bergen and Passaic Counties.

The makeup of the focus group was intended to include the key players in the decision-making process regarding outsourcing specific services. Multiple focus groups were utilized in

order to provide the researcher with sufficient data to analyze opinions and viewpoints as well as identify patterns and trends.

The researcher selected four focus groups. Two focus groups were formed from a conventionally funded public school which currently utilized a high level of outsourcing, and two focus groups were made up of conventionally funded public schools that had a minimal amount or no functions which were currently being outsourced.

Of specific interest to the researcher were the perceptions and viewpoints of the abovementioned participants regarding the outsourcing of non-educational services in their respective schools. The intended function of the research was to produce findings designed to provide those making decisions regarding the what, where, and when of outsourcing with useful information which could be utilized in making prudent choices during the decision-making process.

An investigation into how survey participants' perceptions and viewpoints came into play in the decision of whether to outsource non-educational services in the organizations they are affiliated with was conducted.

As with Retzlaff's (2009) study, the non-educational services which were considered are transportation, food service, technology, and custodial and maintenance services.

The focus groups from this research project were managed by the researcher, who acted as the moderator. An assistant moderator was also utilized to assist in recording the ensuing interactions among focus group members.

Kruger and Casey (2000) describe the role of the assistant moderator as making sure that everyone's needs are met, such as refreshments, lighting, and unexpected interruptions; the assistant moderator is also responsible for taking notes, paying particular attention to quotes, and

serving as an extra pair of eyes for both the accumulation of information and validity of analysis. The researcher also became familiar with the research basics of conducting focus groups, which encourage open dialogue and provide the deep and rich data the researcher was seeking. The Omni Press Toolkit for conducting focus groups can be found at <http://www.rowan.edu/colleges/chss/facultystaff/focusgrouptoolkit.pdf>

It was an invaluable tool in avoiding pitfalls and maximizing the advantages of dealing with focus groups. This toolkit provided a wealth of useful techniques and forms, which provided the researcher with the requisite knowledge and tools to conduct a successful focus group session. Important concepts which are addressed in this toolkit include principles of research ethics, notices on confidentiality, tips for conducting focus groups, the roles of the observer, qualities of an effective focus group facilitator, and the roles and responsibilities of note takers. The abovementioned toolkit also includes useful forms, including the focus group note taking form, facilitator checklist, consent forms, and a debriefing discussion tool. The study was carried out with strict observance of the ethical policies required by Seton Hall University.

Instrument Design

In this researcher's literature review, it was determined that an instrument specific to the perceptions of educational leaders regarding outsourcing of non-instructional services in New Jersey's public schools did not exist. The required instrument was developed by this researcher by modifying and adapting the questions utilized in Retzlaff's quantitative study to encourage open dialogue and provide the deep and rich data associated with high quality qualitative research. An important step in preparing for the focus group interview was the development of a set of questions which encouraged participants to respond and solicit the information needed from the group.

Rennekamp (2011), as part of the University of Kentucky Cooperative Services, authored a guide titled *Using Focus Groups in Program Development and Evaluation*. This document provided valuable insight into the proper development of questions for focus groups. Rennekamp (2011) notes that good questions sound conversational and natural. They are usually short, open-ended, and one-dimensional (they ask only one question at a time).

He continues by providing the five general types of questions used in focus group interviews. Rennekamp (2011) explains that they are typically arranged in the same order. An excerpt from his guide *Using Focus Groups in Program Development and Evaluation*, (shown below) presents a functional explanation of each type of question. The researcher found this to be an excellent tool in developing a framework for a set of focus group questions which provided the interchanges necessary to provide the data for high quality qualitative research.

- ***Opening questions*** are used to get people talking and feeling comfortable. They should be easy to answer but should not emphasize differences among group members.
- ***Example:*** Tell us your name and how long you have been working in the district.
- ***Introductory questions*** are used to get the group to start thinking about the topic at hand. They help focus the conversation.
- ***Example:*** How was it that you first learned about outsourcing?
- ***Transition questions*** provide a link between the introductory questions and the key questions. They typically ask participants to go into more depth than introductory questions.
- ***Example:*** Think back to when you first became involved with the decision of whether to outsource. What were your first impressions?

- *Key questions* focus on the major areas of concern. The majority of the time is devoted to discussions of these questions.
- *Example:* In what way is the district different because of your participation in the decision of whether or not to outsource?
- *Ending questions* bring the session to closure.
- *Example:* Is there anything we should have talked about, but didn't?

Renneamp (2011) informed the researcher that the specific order in which the questions are asked is called the questioning route. He adds that a good questioning route has an easy beginning, flows logically and naturally from one question to another, and moves from the general to the specific.

After the researcher developed the initial question route to address the research questions, a four-member "Jury of Experts" was formed to examine the interview questions and determined whether the interview questions were appropriate and fully answered the research questions posed by the study.

Members of the "Jury of Experts" were selected due to their experience as successful researchers, who at a minimum had completed a successful dissertation project and currently are mentoring doctoral candidates in the dissertation stage of the process.

The researcher was fortunate enough to have Dr. Daniel Gutmore, Dr. Michael Kuchar, Dr. Michael Osnato and Dr. Christopher Tienken, four well-respected researchers currently teaching at Seton Hall University willing to volunteer their services to participate in this important function of the study.

Each member responded as to the adequacy of the interview questions in completely addressing the research questions of this study. Accordingly, all remarks were considered by the

author, and adjustments were made as needed. The “Jury of Experts” determined that the research questions and practices proposed were realistic and workable.

The next issue to be discussed regarding the instrument design dealt with time management. The researcher needed to be cognizant of the time required for each question and planned accordingly. The sessions for this research were projected to be from 1 to 1½ hours in duration. The researcher paid close attention as to whether or not all questions could be answered and thoroughly discussed during the 1 to 1½ hour target. Adjustments were made accordingly.

The issue of providing closure to focus group questions was dealt with by providing participants with a self-addressed stamped envelope to allow for any afterthoughts that the participants may have had after the discussion was completed.

In concluding the instrument design section, it should also be noted that the researcher obtained the requisite permission forms to have the entire discussion videotaped.

In regard to the setting, the researcher needed to be aware of all of the details which may have had an impact on the focus group’s ability to have a productive session which yielded the depth of data necessary to provide quality research. The issues of scheduling, location, and logistics required attention to detail to assure the group functions effectively and efficiently. In regard to scheduling, the date and time for each focus group discussion needed to be carefully checked for conflicts with other functions and activities which may have been scheduled concurrently with the focus group discussion. Insofar as location is concerned, the researcher needed to ensure that the site selected was comfortable and conducive to open dialogue. As preferred, a location which the participants were familiar with and was free from distractions could be found. Accommodations for refreshments, bathroom facilities, and some light snacks were readily available to make the environment as comfortable as possible.

Data Collection and Analysis

In concluding the methodology portion of this study, the matters of how the researcher would handle data collection and data analysis needed to be discussed. The researcher placed two digital sound recorders in the room to record the entire discussion. Comprehensive notes were taken, and each session was transcribed for further analysis.

In considering the data analysis element of this study, Krueger and Casey (2000) explained that the basic understanding in focus group analysis is systematic, sequential, verifiable, and continuous. The moderator's notes, voice recordings, and transcripts were utilized during the data collection process to provide the requisite amount of data to provide a trail of evidence. The results reflected what was shared in the groups, as the researcher looked for common themes and ideas that would aid in determining the perceptions and opinions of the group.

After the data collection process was complete, the analysis and evaluation process began. Since there are no known instruments available to measure the responses of the participants of the focus groups, the researcher developed a set of focus group questions which provided the interchanges necessary to provide the data which would provide the perceptions and opinions of the participants.

The depth of data necessary to provide the perceptions and opinions of the decision makers in the outsourcing process are unlikely to be obtained through quantitative measures. The researcher needed to have responses which were qualitative in nature, and provided detail which was sufficiently granular to provide the opinions, perceptions and the viewpoints of the participants in a way which may be beneficial in the decision making process.

The researcher was careful to ensure that the identical questions were asked of each of

the four focus groups. Detailed notes were taken and each of the four sessions was transcribed verbatim to ensure accuracy.

The researcher prodded participants for more detail and to elaborate when clarification of their statements was needed. The researcher also made the environment conducive to open dialog to release the uninhibited and unfiltered thoughts from members within the groups.

As the researcher began the qualitative analysis process, he clustered the data. It should be noted that the study was not designed to have responses compared between groups, and accordingly data were combined across all groups to identify common terms, themes, and ideas. As noted in Anzul's (2009) qualitative study, clustering helps to put "like" things into ideas or "like" categories that emerge from interaction. It is a form of grouping that is designed to provide the data necessary to better understand a phenomenon.

In order to properly utilize the clustering method correctly, the researcher followed Gery's (2006) *Techniques to Identify Themes in Qualitative Data*, in which the author describes the heart of qualitative data analysis as the task of discovering themes. Gery (2006) further explains that by themes, we mean "abstract, often fuzzy, constructs which investigators identify before, during, and after data collection" (p. 1). He further explains that "researchers who consider themselves part of the qualitative tradition in social science induce themes from texts. This is what grounded theorists call open coding and what classic content analysts call qualitative analysis."

In order to provide the novice with a sufficient set of tools to conduct a qualitative research project successfully, Gery (2006) outlines 12 helpful techniques for discovering themes. Gery notes, "These techniques are based on (1) an analysis of words (word repetitions, key-indigenous terms, and key-words-in contexts), (2) a careful reading of larger blocks of texts

(compare and contrast, social science queries, and searching for missing information), (3) an intentional analysis of linguistic features (metaphors, transitions, connectors), and (4) the physical manipulation of texts (unmarked texts, pawing, and cut and sort procedures)”

The researcher provided a brief synopsis extracted directly from Gery’s work, *Techniques to Identify Themes in Qualitative Data*, as follows:

1. Word repetitions - Word repetitions can be analyzed formally and informally. In the informal mode, investigators simply read the text and note words or synonyms that people use a lot. A more formal analysis of word frequencies can be done by generating a list of all the unique words in a text and counting the number of times each occurs.
2. Indigenous categories - The basic idea in this technique is that experience and expertise are often marked by specialized vocabulary. Examples include the description of medical students use of the word ‘crock’, and drug addicts’ understandings of what it means to ‘shoot up.’
3. Key-words-in-context (KWIC) - In this technique, researchers identify key words and then systematically search the text to find all instances of the word or phrase. Each time they find a word, they make a copy of it and its immediate context. Themes get identified by physically sorting the examples into piles of similar meaning.
4. Compare and contrast - The compare and contrast approach is based on the idea that themes represent the ways in which texts are either similar or different from one another. Typically, grounded theorists begin by conducting a careful line-by-line analysis. They read each line or sentence and ask themselves, “What is this about?” and “How does it differ from the preceding or following statements?”

<p>Research Question 2</p>	<p>What are the perceptions of those stakeholders involved in the decision-making process concerning the outsourcing of non-instructional education services on school funding?</p>
<p>Is outsourcing non-instructional services necessary to meet the needs of your school district? Please explain the reasons behind your response.</p> <p>What is your response to claims that non-instructional services are contracted out due to financial savings? Do you have any examples in support of your position?</p> <p>What would be your response to claims that non-instructional services are contracted out due to a need to improve services? Do you have any examples in support of your position?</p> <p>Identify any obstacles that you or other districts may come across in their efforts to outsource non-instructional services.</p> <p>Identify what factors need to be considered in a process designed to have a district decide whether or not to outsource a non-instructional service.</p> <p>Describe the process you would recommend to have a district evaluate a service which is currently being outsourced to determine whether or not to continue to outsource a non-instructional service, or bring the service back in-house</p> <p>Are there any issues relative to outsourcing, or anything you would like to add that would add to the discussion? I will supply you with a self-addressed envelope in the event you think of an item post-discussion you feel the researcher should be aware of.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>

<p>Research Question 3</p>	<p>What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in the district?</p>
<p>Is outsourcing non-instructional services necessary to meet the needs of your school district? Please explain the reasons behind your response.</p> <p>What is your response to claims that non-instructional services are contracted out due to financial savings? Do you have any examples in support of your position?</p> <p>What would be your response to claims that non-instructional services are contracted out due to a need to improve services? Do you have any examples in support of your position?</p> <p>Identify any obstacles that you or other districts may come across in their efforts to outsource non-instructional services.</p> <p>Identify what factors need to be considered in a process designed to have a district decide whether or not to outsource a non-instructional service.</p> <p>Describe the process you would recommend to have a district evaluate a service which is currently being outsourced to determine whether or not to continue to outsource a non-instructional service, or bring the service back in-house</p> <p>Are there any issues relative to outsourcing, or anything you would like to add that would add to the discussion? I will supply you with a self-addressed envelope in the event you think of an item post-discussion you feel the researcher should be aware of</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>

<p>Research Question 4</p>	<p>What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district?</p>
<p>Is outsourcing non-instructional services necessary to meet the needs of your school district? Please explain the reasons behind your response.</p> <p>What is your response to claims that non-instructional services are contracted out due to financial savings? Do you have any examples in support of your position?</p> <p>What would be your response to claims that non-instructional services are contracted out due to a need to improve services? Do you have any examples in support of your position?</p> <p>Identify any obstacles that you or other districts may come across in their efforts to outsource non-instructional services.</p> <p>Identify what factors need to be considered in a process designed to have a district decide whether or not to outsource a non-instructional service.</p> <p>Describe the process you would recommend to have a district evaluate a service which is currently being outsourced to determine whether or not to continue to outsource a non-instructional service, or bring the service back in-house</p> <p>Are there any issues relative to outsourcing, or anything you would like to add that would add to the discussion? I will supply you with a self-addressed envelope in the event you think of an item post-discussion you feel the researcher should be aware of.</p>	<p>X</p> <p>X</p>

Research Question 5	What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the district?
<p>Is outsourcing non-instructional services necessary to meet the needs of your school district? Please explain the reasons behind your response.</p> <p>What is your response to claims that non-instructional services are contracted out due to financial savings? Do you have any examples in support of your position?</p> <p>What would be your response to claims that non-instructional services are contracted out due to a need to improve services? Do you have any examples in support of your position?</p> <p>Identify any obstacles that you or other districts may come across in their efforts to outsource non-instructional services.</p> <p>Identify what factors need to be considered in a process designed to have a district decide whether or not to outsource a non-instructional service.</p> <p>Describe the process you would recommend to have a district evaluate a service which is currently being outsourced to determine whether or not to continue to outsource a non-instructional service, or bring the service back in-house</p> <p>Are there any issues relative to outsourcing, or anything you would like to add that would add to the discussion? I will supply you with a self-addressed envelope in the event you think of an item post-discussion you feel the researcher should be aware of.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>

Chapter Summary

In summarizing the methodology chapter of this research, the researcher feels it is necessary to respond to the most common criticism of qualitative methods, which is their inability to relate to aspects of the real world (Hammersley, 1992). By utilizing both clustering and a grounded theory model, the study provided high quality data which gave the researcher the ability to examine an issue and describe and understand the rich and complex phenomena participants engage in when deciding whether or not outsourcing non-educational services is a good choice for their district.

It is this researcher's opinion that developing a theory after the data are examined, as was the case with a grounded theory study, was superior to subscribing to a pre-determined notion, as is the case with many other forms of research studies.

Chapter IV

RESEARCH FINDINGS

Introduction

The purpose of this study was to explain the impact of the outsourcing of non-educational services on publicly funded school districts. This was accomplished by replicating and expanding upon the research initiated by Retzlaff in his 2009 quantitative study titled *Outsourcing: A Description of Educational Operations And Performance*.

Findings

The findings include a diverse array of the perceptions, opinions, and assertions of the decision makers in the outsourcing process. Participants were drawn from Passaic and Bergen counties in northeast New Jersey. These stakeholders included superintendents, business administrators, board members, and building principals.

The findings of this research project may serve to inform the reader as well as the decision makers during this state and national fiscal crisis. It provides data revealing what Passaic and Bergen Counties' educational leadership thinks of outsourcing non-instructional services, including, but not limited to, food service, transportation, technology, and custodial and maintenance services.

Qualitative measures were utilized to capture the feelings and attitudes of the abovementioned stakeholders. It should be noted that the researcher felt that qualitative methods needed to be utilized to obtain the true feelings and produce the depth of data necessary to accurately reflect the participants' opinions and perceptions.

Participants' responses to the question route, which provided the direction of the focus

group sessions, were interrelated with the research questions as follows:

1. To what extent do those stakeholders involved in the decision-making process believe outsourcing non-instructional services is available and necessary?
2. What are the perceptions of those stakeholders involved in the decision-making process concerning the outsourcing of non-instructional education services on school funding?
3. What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in the district?
4. What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district?
5. What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the district?

Analysis of Discussions

Research Question 1

To what extent do those stakeholders involved in the decision making process believe outsourcing non-instructional services is available and necessary?

The responses from Questions 1, 2 and 3 of the question route pertained to Research Question 1.

The researcher determined it was best to divide the responses to this question into two sections. The first will discuss availability, and the second the necessity of outsourcing the non-educational services examined in this study.

The responses to the first element of this question revealed that there was agreement between all participants that sufficient opportunities existed for the researcher to consider

outsourcing as available. One participant noted, “Vendors are constantly calling to sell me on outsourcing several services like cleaning, landscaping, and other stuff.” The researcher did not find any instances where a member of the participating focus groups identified the availability of outsourcing as problematic.

Further examination of the comments made by the participants regarding availability revealed that they all outsourced varying portions of the services which were included as part of this study. The following table shows the utilization of outsourcing for each of the four focus groups.

Table 1

Focus Groups Currently Outsourcing Some or All of Their Services

Service	Focus groups currently outsourcing some or all of the service
Transportation	1, 2, 3, 4
Technology	1, 2, 4
Food Services	1, 3, 4
Custodial and Maintenance	1, 2, 3, 4

The discussion on availability also revealed an extensive list of the non-educational services either currently outsourced or being considered for privatization. Examples include cleaning services, plumbing, electrical work, landscaping, OSHA compliance, network maintenance, busing, food preparation and service, computer and office equipment maintenance and repair, building maintenance, painting, HVAC, delivery services, secretarial services, and

snow removal.

The second portion of this question was an inquiry asking whether the focus group members felt that outsourcing was necessary in their individual districts. The researcher's review of the audiotapes and notes was able to readily recognize a dominant theme in all focus group responses. The consensus was that the current fiscal problems that are plaguing New Jersey's public schools are forcing districts to at least consider outsourcing as an option to resolve growing budget shortfalls.

There were numerous statements made by the focus group members to support this perception. Examples include the following:

"We have to look at outsourcing. We continue to lose programs like band, freshman sports, foreign languages . . . we are running out of things to cut."

"It (outsourcing) gives us a savings which we now turned around and are increasing our technology and curriculum."

Other indicators which support that outsourcing is a necessity moved away from financing into the area of expertise. Participants' remarks reflected their perceptions and opinions that outsourced vendors possessed a level of expertise beyond that of the school districts. One participant remarked, "I want a person doing my lawn who knows how to deal with chemicals so I'm not going to get sued; and with outsourcing, I can get rid of that headache."

Other remarks indicating the need for the expertise associated with outsourcing services were found in the focus groups. These areas included HVAC, electrical, plumbing, and the disposal of hazardous waste. Additionally, it was noted that regulations can impact outsourcing; one participant remarked, "In some cases where by law we have to have licensed tradesmen

working, we do not have licensed electricians, nor do we have licensed plumbers, and by law we have to have licensed people here doing that kind of work.” Another example of regulations having an impact on the necessity of outsourcing in the realm of expertise was dealing with chemicals.

The final area to be discussed in the necessity section is the view of outsourcing which claims gains in efficiency with outsourcing services. The groups were split in their opinions and perceptions as to whether there were gains in efficiency and quality of service. One participant remarked, “Sometimes it may cost you more down the road, but by going to outsourcing you know you can bring in the financing in a certain way and still get a better job done.” Conversely, one focus group member indicated that she felt that outsourcing resulted in a drop in quality. She remarked, “ The school might start out looking better, but after a while they cut corners and you end up worse than you started. “

An additional theme noted by more than one group is the use of outsourcing to resolve the issue of having a lack of capacity. An example of this perception was offered by one of the participants, “. . . and, if we already hired drivers and board vehicles, then we’re stuck holding them . . . so capacity flexibility is important.”

The researcher found that the focus group comments regarding the necessity of outsourcing were closely aligned with Retzlaff’s (2009) study and the findings of The Outsourcing Institute (1998), which reports that researchers found several conditions that were favorable to implementing outsourcing efforts. The researcher found these conditions to be reliable in the current outsourcing arena. These included the following:

- Increased workload for in-district staff (not enough staff to cover workload)
- Reduced budgets for non-instructional education services

- Inability to recruit or maintain specialized experience with in-district staff
- District-wide downsizing often associated with declining levels of educational funding
- Inability to improve current in-district services
- Lack of specialized equipment and training in-district

In addition to the abovementioned issues, the focus groups in this study also pointed to outsourcing as beneficial as a potential resolution in dealing with the difficulties presented by workers' unions. This issue will be examined in detail in the obstacle question. This is an important point further revealed due to the depth of data gained in properly using focus groups in a research study.

The following table represents the opinions and perceptions of the four focus groups regarding Question 1: Is outsourcing necessary and available?

Table 2

Necessity and Availability of Outsourcing

	Available	Y	n	Necessary	y	n
Focus group 1		X			X	
Focus group 2		X			X	
Focus group 3		X			X	
Focus group 4		X			X	

Accordingly, the researcher finds that the focus groups that were part of this study deemed the outsourcing of non-educational services both available and necessary.

Research Question 2

What are the perceptions of those stakeholders involved in the decision-making process concerning the outsourcing of non-instructional education services on school funding?

The responses from Questions 2, 4, 5, 6, and 7 of the question route pertained to Research Question 2.

There was a consensus across all four focus groups that there were dollars to be saved by outsourcing the non-educational services examined in this study. The groups all made statements which supported their opinions and perceptions that there was significant money to be saved by implementing outsourcing. Examples of these statements include the following:

- “Obviously we do get some financial savings from the transportation.”
- “It’s definitely a financial consideration. Without a doubt.”
- “We just outsourced three men and brought in an outfit to do the cleaning at the high school at night, and that saved \$135,000. I was able to bring back two teachers. The dollar savings is significant.”
- “The need to do it increases as budgets get worse, but there’s also some certainly. The perceptions are--and the numbers play out--that there are significant money savings, particularly in areas like food and custodial services; and then, based on the size of the district, transportation.”
- “Outsource transportation and that’s definitely a cost savings for the districts because if services are coordinated with neighboring towns, the cost of the route is shared rather than having one district pay the whole cost of the route.”

- “We outsource the custodial services, which works for us financially. When you’re spending \$40,000 you’re going to get nighttime and daytime cleaning. You have to be spending three times that, so it’s cost effective.”
- “I think it’s purely finance . . . Right, it’s always money. And how we save money, how we really save money is through the benefit situation; we save on benefits basically.”

After the researcher ran through the exercise of clustering comments for a second time, he was unable to find a participant who did not agree with the claim that outsourcing one of the non-educational services identified for this study would result in a financial savings for the district.

Therefore, in response to the second research question regarding the financial impact of outsourcing, the answer was a resounding yes to providing a financial benefit to the district.

Research Question 3

What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in the district?

The responses from Questions 2, 3, 5, 6, and 7 of the question route pertained to Research Question 3.

Examining the tapes and notes from the focus group sessions found a wide array of criteria being utilized to determine whether a non-instructional service should be outsourced. Many of these criteria were revealed by the focus groups under the inquiry regarding whether outsourcing was a necessity. These items to be considered when deciding whether to outsource were also found in the literature review by The Outsourcing Institute (1998). This organization reports researchers found several conditions that were favorable to implementing outsourcing

efforts. The researcher found these conditions to be reliable in the current outsourcing arena:

- Increased workload for in-district staff (not enough staff to cover workload)
- Reduced budgets for non-instructional education services
- Inability to recruit or maintain specialized experience with in-district staff
- District-wide downsizing often associated with declining levels of educational funding
- Inability to improve current in-district services
- Lack of specialized equipment and training in-district

In addition to being a valid resolution to the abovementioned issues, the focus groups in this study also pointed to outsourcing as beneficial as a potential resolution in dealing with the difficulties presented by workers' unions. This issue will be examined in detail in the obstacle question. This is an important point further revealed due to the depth of data gained in properly using focus groups in a research study.

There were numerous participant comments from amongst the focus groups which illustrated the members were cognizant of and noted the abovementioned criteria as important and worth considering. Examples, extracted directly from the focus groups transcripts include the following:

- “We can’t afford to hire more men and can’t get it done with the men we have. What choice do we have?”
- “ We lost 70% of our state aid and now have to make some choices. I do not want to lose more programs and am forced to find ways to do more with less. Outsourcing is one way to approach that.”
- “ We cannot afford to have licensed electricians and plumbers on staff; we outsource

them on an as-needed basis.”

- “ We cannot afford to own the network analyzer for \$50,000 that the vendor owns and cannot justify the expense of using it once every two years.”
- “The custodians just did not keep the place clean. They thought they were untouchable . . . a different world today.”
- ‘It is a win-win for the district. Not only do we save money, it cuts out the irksome personnel problems--calling in sick, going on workman’s comp, and so on and so on.’
- “ The union will fight this (outsourcing) with everything they have . . . it can get ugly.”

Additionally, more criteria identified by the participants who made up the four focus groups were closely aligned with the literature review in relation to vendor selection. As noted in the literature review and the focus group sessions, there were common concerns which the researcher utilized to construct a listing of criteria or factors to be examined when selecting a vendor to help implement outsourcing plans.

The following list of factors, which the researcher deemed as additional criteria to be considered when deciding whether to outsource, were extracted from the literature review of this study and included how a vendor is selected if outsourcing is chosen for implementation. The listing includes (1) vendor's commitment to quality service, (2) vendor's price (in most instances should be lower than district cost to provide service), (3) vendor's references, reputation and work history, (4) vendor's ability to comply with flexible contract terms (in scope of work and RFP), vendor's range of available resources for deployment (at any time), (5) vendor's additional capacity and capabilities, (6) vendor's ability to have a cultural match with the school district, (7) vendor's existing relationships with the district and other organizations, (8) vendor's location for accessibility to the district, and (9) other services vendor can provide the organization.

The comments from the focus groups revealed that the participants were, for the most part, cognizant of the factors regarding vendor selection identified in the literature review. Examples extracted directly from the transcripts to support the researcher's claim of the groups' knowledge in the vendor-selection area include the following:

- “You have to do your homework . . . call some of their customers and check references.”
- “You have to make sure your RFQ includes everything--and I mean everything. Assume nothing or it becomes an add-on and your savings might end up being a lot less than you projected.”
- “Go talk to some schools using the vendor. Are they happy? Is it a good fit?”
- “Find out if they can handle the workload. Are they able to service your location adequately?”

In summary of the criteria question, the reader should note that the decision to outsource is neither easy nor simple. The responses to Question 4 may provide a better understanding to other school districts considering the outsourcing of non-educational services as a management tool to make their operations more cost efficient,.

Research Question 4

What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district?

The responses from Questions 6 and 7 of the question route pertained to Research Question 4.

The next element of this inquiry is to examine the criteria for deciding whether to keep a non-educational service outsourced or bring it back in-house. This so-called evaluation cycle is a

process which needs to be completed on a regular basis to monitor services and make necessary adjustments in a timely manner.

McClure (2000) believes the adjustment to an outsourced contractor can often take years to fully accomplish the goals and mission of the district. He informs the reader that performance monitoring and evaluation are usually included as part of the final contract and that it is essential for the district to maintain responsibility for contract monitoring and enforcement.

As previously confirmed in Retzlaff's (2009) literature review, the purpose of outsourcing many government or education functions is to improve the quality of service or to decrease the cost without decreasing the efficiency. As a business model, outsourcing has provided improved profit margins in the vast majority of cases. However, in school settings, the school's students are highly individual and unpredictable and influenced by many forces outside the school's control. (Steffans & Cookson, 2002). Retzlaff (2009) points out that because of this, employing business principles in public schools has proven difficult because these principles often ignore the desires of teachers and parents.

With this in mind, the evaluation of the performance on a non-educational outsourced function is best suited for one familiar with the culture which includes the abovementioned desires of parents and teachers. Retzlaff's (2009) study informs the reader of additional tools available to the district to evaluate vendor performance. These include scheduled meetings with the vendor, staff surveys and complaint files, and formal performance-based evaluations conducted by the school district. A close look at the results of this diverse set of performance indicators give the district the best opportunity to separate the facts from the claims of those who have alternative motives to either maintain or get rid of the privatization of a non-educational service. This is especially true in districts where there are close ties to the custodians and

political figures in the community and where a strong union of workers is present. The researcher came across countless articles of meetings packed with concerned citizens objecting to outsourcing for a wide array of reasons. This issue will be detailed as part of the obstacles examined in Research Question 5.

The researcher found that the districts involved in the focus group sessions were regularly monitoring vendor performance to determine whether to continue to privatize or bring the service back in-house.

This evaluation process included comments which indicated the district's process included a number of the items identified in the literature review. Specific examples from the four districts examined included the following:

- “Our building and grounds supervisor is communicating any issues or problems with the vendor . . . they do what it takes to keep us happy.”
- “A survey of the staff told us the teacher's felt the building was cleaner.”
- “The principals walk the building every day and report to the vendor if there are any areas which are not cleaned to their satisfaction . . . this is the way it should work”

In short, the evaluation cycle is critical and if not completed on a regular basis, the likelihood of a successful implementation of outsourcing is quite low. One needs to determine whether the outsourcing route is still fiscally beneficial. If yes, continually monitoring vendor performance is the most critical element in maintaining the quality of service desired.

Research Question 5

What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the district?

The responses from Questions 4, 5, 6, and 7 of the question route pertained to Research

Question 5.

The participants' comments were closely aligned to what the researcher found in the literature review. With the literature showing there are substantial cost savings in times of financial crisis, efficiencies to be gained and new expertise to be provided for schools, one might think that privatization would be a trend being embraced by the educational community. The literature review also reveals additional state and federal mandates which complicate compliance in areas ranging from food nutrition to asbestos removal, trends which indicate the outsourcing of some non-educational services should at least be considered as a candidate for outsourcing. However, the research shows that this is not the case.

Retzlaff (2009) notes that in any capacity outsourcing can be a huge change in a school district's organization and culture. Communication must be clear. It is essential that the RFP (Request for Proposal) and vendor contract be well written with sufficient clarity and detail to ensure that all work previously being done by the particular service being outsourced is carried forward under the new vendor's contract. A participant remarked, " You have to make sure you are comparing apples to apples. You need to be sure the company coming in is aware of all that needs to be done." Moreover, implementation should be in stages to prevent problems that arise from lacking familiarity with the intricacies which are part of the successful operation of the school.

With a risk of being heavily criticized and being portrayed as heartless, many school leaders feel hesitant to attempt to head efforts to outsource non-educational services in their school districts. The researcher has witnessed first-hand the workers' unions strong opposition to the outsourcing efforts in his own district and in New Jersey districts which were part of this study.

The researcher strongly concurs with the claims of Steelman, Powell, and Carini (2000) that school leaders should seek legal advice before they begin their outsourcing effort. Steelman et al. point out that most collective bargaining contracts and unions work to protect the current service providers, usually the custodial and maintenance staff of the district.

It is apparent that the obstacle which stands as the most prevalent hindrance to public school districts' outsourcing efforts is strong opposition from influential public employee unions. This problem is often compounded, as was revealed in the focus group sessions, not only by the union workers being protected by collective bargaining agreements, but also by political ties to those in the decision-making process, as well as being established residents who are well known in the community. A focus group member remarked, "They are trying to get 'no outsourcing of services' clauses in their collective bargaining agreements."

It is understandable that school leaders are hesitant to be identified as the individual who is driving the outsourcing efforts of the district. Being the target of an extensive union backed public relations campaign to discredit outsourcing plans is likely to put the administrator in a position of being heavily criticized for looking to eliminate what the union terms as "good jobs."

As stated in the literature review, LaFaive & Smith (2007) report that the National Education Association has produced guides for supporting anti-privatization and anti-outsourcing campaigns. The researcher has found, through the review of a wide array of current news articles and local board meeting minutes that the abovementioned public relations campaigns to oppose outsourcing have several common themes or strategies designed to turn public sentiment in favor of retaining these services internally.

One common theme is pointing out that in many cases, the vendors and their employees may not live in the community and therefore would not be as interested or committed to

performing their roles as if they lived in the districts they would be serving. Another prevalent strategy utilized by the union was both experienced first-hand by focus group participants and pointed out by LaFaive & Smith (2007). Proponents of outsourcing feel that unions often have overstated the accusation that outsourcing school district services may lead to vendors hiring unqualified or dangerous employees leading to risks to school and student safety and security.

In New Jersey, as in Delaware, as pointed out in Retzlaff's study, there are state laws and other regulatory safeguards in place to ensure that vendors are subject to the same rigorous criminal background checks that the schools require of their own internal personnel. Unions continue to draw attention to those vendors who had inappropriate employees "fall through the cracks." There is no research available to support claims that this happens with more frequency with outsourced or internal personnel.

As opponents claim that theft is higher with outsourcing, proponents claim familiarity breeds contempt and that those more familiar with the organization are more likely to steal. There were no comments offered by the focus groups which would indicate that participants considered theft as a major obstacle.

Another strategy employed by the union, which the researcher views as the most valid reason to oppose outsourcing, is utilizing the unions' availability to monetary resources to bring to the public's attention that good-paying jobs with sufficient benefits are being replaced with low-paying jobs with little or no benefits. Since outsourcing involves the welfare of human beings it is not as simple as just numbers. One focus group member remarked, "Sure they will hire them back--at half the price and with no benefits"

In summarizing the answer to Research Question 5, dealing with obstacles to outsourcing, the most prominent response dealt with challenges being imposed by the workers'

unions. Additional obstacles included contract language which did not permit outsourcing and poorly written or unclear contracts with vendors, resulting in subpar vendor performance and a general lack of awareness with outsourcing.

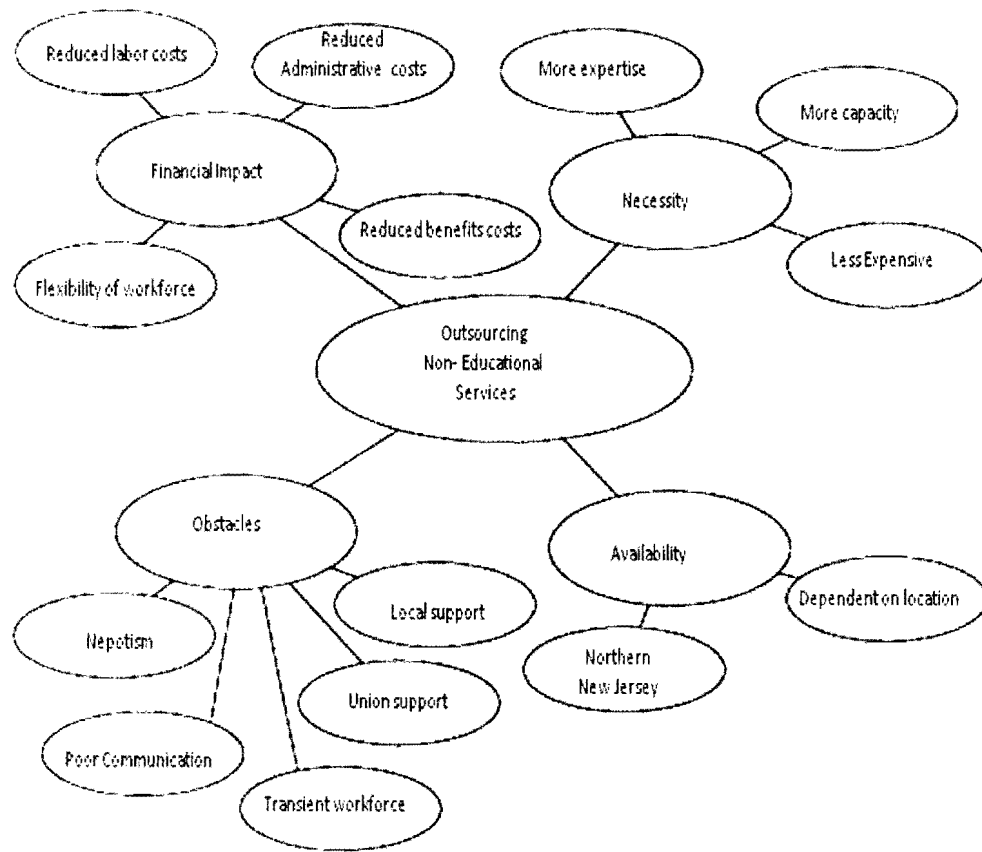


Figure 1. Clustering diagram reflecting outsourcing issues discussed in the focus groups.

Chapter Summary

Much has been written about outsourcing in the private and government sectors, but not much research has been done relating to the outsourcing of non-instructional education services in New Jersey's public schools. The data produced from this research project provided the basis for expanded dialogue concerning outsourcing non-instructional education and the findings and recommendations in Chapter V. The participants should be recognized for their willingness to participate, give freely of their time, and for their seriousness of purpose. The researcher is confident that the end result will provide important information to those considering outsourcing.

Chapter V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

The purpose of this chapter is to first compare and contrast the findings of the study in relationship to the literature review. Subsequently, the researcher will offer his conclusions and recommendations for further research in regard to the outsourcing of non-educational services in our public schools. The specific non-educational services examined include food service, technology, transportation, custodial, and maintenance services.

Summary of the Findings

This research-based study was needed in order to collect the requisite data to provide a description of the current state of outsourcing in the counties of Bergen and Passaic in New Jersey. The description is made up of the perceptions, opinions, and attitudes of the focus groups made up of the decision-making stakeholders in the aforementioned counties' public schools. These stakeholders included superintendents, business administrators, board members and building principals.

The driving force behind the necessity of the study is the persistent budgetary problems facing the school leaders in the schools chosen for this study, as well as the majority of the schools in the nation during this long-lasting downturn in the economy. With few, if any, economists predicting a recovery in the near future, schools will need to become accustomed to little, if any, increases in revenues. Therefore, this study may have an immediate impact by drawing conclusions which may allow school leaders to save money on non-educational services, thus freeing up funds to maintain current levels of services and perhaps in some cases generating the ability to add items or restore previous budgetary cuts.

The data produced from this research also provide insight into how outsourcing may have additional benefits to our schools. Lara (2011) noted in her article “The Next Generation of Outsourcing” that in addition to gaining cost efficiencies and performance improvements, practitioners view outsourcing as a way to economically access the latest technologies and expertise.

In attempting to maintain educational programs and maximize available funds, the option of outsourcing, particularly non-educational services, can no longer be ignored by those that practice fiscal responsibility.

The methodology employed in this research study was qualitative in design and utilized clustering and selected coding methods.

Comparison of Findings to the Available Literature

In comparing the findings of this study to the literature review, further support of numerous issues need to be brought to light. The findings of this study concur with Wallenberg’s (2009) findings showing cost improvement is the main driver when the outsourced services are simple and the contracting period relatively short. The findings from the focus group discussions also support Wallenberg’s (2009) claim that a clear shift of importance is observable when services increase in complexity and the contracting period lengthens. In such settings, such as outsourcing of electrical services, outsourcing is driven by available expertise and performance improvement, while cost improvement plays a subordinate role.

The findings of this study also support Sinnock’s (2011) research, which claims that while outsourcing’s origins lie in cost management, it has been evolving to the point where the catalysts for its use today are many times more strategic and compliance-related than cost-related. His belief that outsourcing today is more about tapping specific talents for specific

purposes is in alignment with the focus groups' claims that services such as HVAC, where an advanced level of expertise is required, is becoming more regularly utilized by school districts. This trend also concurs with Webzell (2010), who reports that as a result of constant cost pressures, the days when everyone supported its own dedicated maintenance and repair department were on the wane. He stated that not only did outsourcing eliminate the need for a dedicated in-house resource, it passed responsibility for this onerous task to those with a sufficient level of staffing and expertise to handle the task at hand.

Additionally, the increasing level of outsourcing amongst the participants aligns with LaFaive (2007), who found outsourcing non-instructional education services had been identified by numerous researchers as having top growth potential with current growth rates often exceeding 25% annually. Lan (2010) noted the last decade saw unparalleled development of technology companies with a surge toward the commercialization of education.

Handfield (2006) informed us that in the earlier periods, cost or headcount reduction were the most common reasons to outsource. He also brings to light that in today's world the drivers of privatization are often more strategic. Handfield (2006) also pointed out that districts were beginning to mimic their corporate counterparts and identified numerous other reasons schools examined to determine whether outsourcing was necessary. Again, this premise was supported by the discussions amongst the focus group participants, whose claims corroborated Handfield's claims that these reasons included improving the schools' focus, gaining access to additional expertise and capabilities, increasing efficiency, freeing up internal resources for other purposes, reducing functions that need to be managed internally, resolving functions where insufficient resources are available internally, sharing risks with a partner company, and eliminating the need to deal with difficult workers' unions.

Leck (2012) and the focus group participants in this study identified outsourcing as an idea that could save schools money but put present workers' jobs at risk. As the researcher analyzed the focus group responses to the question route, there was an acute awareness of this perception and comments which pertained to the relationships between the individual bargaining units with board members and administration. Choi (2007) adds to this line of thinking as he notes the low cost alternative has been identified as one of the main reasons to outsource and is commonly known for the opportunity for lower wages and lower labor costs.

These are certainly times when the fiscal challenges have gotten more intense and dollars are at a premium. (Koenigkramer, 2007). The researcher's findings are also congruent with Mathis (2010), who stated, "Contracting out seems to be your best solution." The participants in the study also agreed with the researcher's beliefs that schools need to focus more on their passion for educating the young and that we should not be attempting to be experts in areas such as facilities maintenance, chemical disposal, and electrical design. Focus group comments indicated that outsourcing these areas would allow districts to devote more time and efforts to what they do best and what they are most passionate about: educating the students with whom we have been entrusted.

Moreover, when used correctly, the outsourcing of non-instructional education services may not only be fiscally beneficial but also provide for enhanced quality, facilitate innovation and improved worker and student performance. Hopefully, what is gained through outsourcing is returned to the budget in ways which improve programs and instruction.

Retzlaff's (2009) study, in further alignment with the participants in this study, provides the reader with the findings of researchers who found several conditions that were favorable to implementing outsourcing efforts. These include the following:

- Increased workload for in-district staff (not enough staff to cover workload)
- Reduced budgets for non-instructional education services
- Inability to recruit or maintain specialized experience with in-district staff
- District-wide downsizing often associated with declining levels of educational funding
- Inability to improve current in-district services
- Lack of specialized equipment and training

Moreover, there is additional congruence between the study participants' comments and Retzlaff's findings, as analysis of the focus group sessions indicated that performance monitoring and evaluation are usually included as part of the final contract and are essential for the district to maintain responsibility for contract monitoring and enforcement. Retzlaff's study informs the reader of additional tools available to the district to evaluate vendor performance. These include scheduled meetings with the vendor, staff surveys and complaint files, and formal performance-based evaluations conducted by the school district.

Wang (2004) also agrees with the findings of this study, as he claims outsourcing non-instructional education services generally results in improved service and significant cost savings to the school district or agency.

Although the research overwhelmingly supports claims that the outsourcing of non-educational services results in cost savings and efficiencies, outsourcing remains surrounded by controversy. In an economy plagued by high unemployment, eliminating good-paying jobs with generous benefits with low-paying jobs with little or no benefits is difficult on a number of levels. However, school leaders need to keep students as their top priority and do whatever is necessary to maximize student achievement. As outsourcing continues to save money by

addressing the lowest wage earners in the district, it will surely remain controversial and emotional.

The findings of this study strongly concur with Steelman et al. (2000), who claims that school leaders should seek legal advice before they begin their outsourcing effort. Steelman continues to point out that most collective bargaining contracts and unions work to protect the current service providers, usually the custodial and maintenance staff of the district.

It is apparent that the obstacle which stands as the most prevalent hindrance to public school districts' outsourcing efforts is strong opposition from influential public employee unions. The researcher also investigated, as part of his focus group sessions, the compounding of this problem with the union workers not only being protected by collective bargaining agreements, but also by political ties to those in the decision making process as well as being established residents who are well known in the community.

LaFaive & Smith (2007) report that the National Education Association has produced guides for supporting anti-privatization and anti-outsourcing campaigns. The researcher has found, through the review of a wide array of current news articles and analysis of the discussions amongst the study participants, the abovementioned public relations campaigns to oppose outsourcing have several common themes or strategies designed to turn public sentiment in favor of retaining these services internally. LaFaive & Smith (2007) agree with focus group members that it is apparent that unions often have overstated the accusation that outsourcing school district services may lead to vendors hiring unqualified or dangerous employees leading to risks to school and student safety and security.

In summarizing the findings to the literature it should be noted that in spite of sufficient literature being available to support claims that privatization results in cost savings, improved

efficiency and increases in expertise, opponents of outsourcing continue to put up obstacles which make the process of outsourcing a difficult one.

Opponents of outsourcing continue to focus on the same objections since the time of the Retzlaff study of which this research is an extension. The jury is still out on these controversial, emotional, and hotly debated items. The abovementioned opponents to the privatization of the non-educational services examined in this study inform the public of the devastating impact that privatization has on current employees. The data exists which show that the current jobs provided by these services will be replaced with lower-paying jobs with little or no benefits.

Opponents also present arguments that these “outsiders” will not have the same commitment as the district employees, who are usually made up of the local community members. The findings of this research provide a better understanding of the perception of the decision makers in the outsourcing of non-educational service. It provides the requisite data to make well-informed, thus better decisions.

Discussion and Conclusions

The review of the current literature, as well as the literature review conducted in Retzlaff's (2009) study, reveals that support for outsourcing the non-educational services examined continues to grow. It should be noted that school districts across the country continue to struggle financially to maintain current levels of staff and meet compliance standards brought about by an increasing level of mandated programs.

The wealth of data which resulted from this study was guided by the research questions in Chapter I. The initial question was “To what extent do those stakeholders involved in the decision making process believe outsourcing non-instructional services is available and necessary?”

In response to the first question, the focus groups' comments were congruent with the

current literature supporting claims that outsourcing was available when and if schools decided to utilize this management tool. In the counties examined there was an abundance of available vendors for school districts to consider for each of the non-educational services included in this study. There were no comments amongst any of the focus groups that would hint that finding a capable vendor was a problem. Each focus group readily identified numerous vendors willing to compete for their district's service needs.

In respect to the necessity of outsourcing, a common theme amongst all the focus groups was that the current fiscal problems were the determinant reason for districts to seriously consider outsourcing, regardless of whether they were a proponent or opponent of the privatization of the non-educational services examined in this study. The focus group from each of the district's focus groups had at least one non-educational services outsourced and indicated that further outsourcing would need to be seriously considered if the financial situation either remained as is or worsened.

Numerous other comments revealed an array of reasons to consider outsourcing as necessary. As supported in the literature review by Handfield's (2006) findings, common themes at varying levels were identified by the focus groups to deem outsourcing as necessary. Reasons included improving the school's focus (The Hedgehog Concept), gaining access to additional expertise and capabilities, increasing efficiency, freeing up internal resources for other purposes, reducing functions that need to be managed internally, resolving functions where insufficient resources are available internally, sharing risks with a partner company and eliminating the need to deal with difficult workers' unions.

These discussions revealed to the researcher that there was a heightened awareness of the tenets of outsourcing by school district leaders. Privatization has become more familiar to

educators as districts adopt the practice of outsourcing. Perceptions, opinions, and assumptions clearly indicate that outsourcing has evolved into an acceptable practice as a fiscal management tool.

The second question of this research study queried, “What are the perceptions of those stakeholders involved in the decision-making process concerning the outsourcing of non-instructional education services on school funding?” Again, the responses from the focus groups were in agreement with Retzlaff’s (2009) study and the current literature available. The opinions and perceptions of the focus groups were in agreement that if done correctly, the outsourcing of these non-educational services would be financially beneficial to the district.

There were differing levels of savings, and even an example where an outsourced service was returned to being done in-house due to a poor relationship with the vendor. It was clear that well written contracts, good communication, and regular monitoring of the vendor were required to realize the desired level of cost savings.

Unlike Retzlaff’s (2009) study, the data were not analyzed by subgroups made up of the participants’ positions in the district. Accordingly, there was no comparison of the responses by position held. This was by design, as the goal of the study was to deploy qualitative measures to produce the depth of data necessary to provide a deeper understanding of the perceptions, opinions, and assertions of the stakeholders in the outsourcing decision-making process. This becomes evident to the reader as the findings revealed by this study provide important previously unavailable information and details of the decision-making stakeholders in this and subsequent research questions.

The third research question asked, “What review processes and criteria are currently in place to determine whether a non-instructional service should be outsourced in the district?”

Again, there were numerous common themes amongst the groups which were readily recognizable. The first criterion was the level of potential savings to the district. This was congruent with what was recognized as the driving force behind the recent growth of privatizing numerous non-educational services. Another common criterion was whether the requirements of the non-educational service required expertise outside of the district's current staff. Examples of this included the outsourcing of HVAC and electrical work. Further examples in this area included those vendors which had the requisite resources to handle hazardous materials within compliance requirements. In addition, workloads which exceeded the capacity of the current staffing level were considered as potential items to be outsourced.

Another common theme was revealed specifically because the qualitative design of the study unearthed details otherwise overlooked in quantitative study. This criterion is the working relationship with the union leadership. The participants saw outsourcing as a potential solution to either increase productivity or eliminate low performing employees otherwise protected by inflexible collective bargaining agreements. Sub-groups under this criterion included high absentee rates, high percentage of employees receiving workman's compensation, low productivity, spiraling overtime costs, utilizing seniority as the sole decisive factor in determining which employees to lay off and rehire and a workforce which lacked flexibility due to guaranteed minimums.

An example of this somewhat emotional issue is a local collective bargaining agreement of one of the focus groups, which guaranteed custodians two hours of time for any reason they were called in. This particular focus group expressed frustration with this issue. They described a scenario where by contract a custodian needed to be called in on a holiday to open and close the building for basketball practice. This resulted in four hours of a holiday pay rate. Moreover,

since overtime was distributed on a rotational basis, it was the turn of the highest paid custodian. The district literally had to compensate the employee in excess of \$300 to open and close a door. More detail regarding the impact that unionized labor has on outsourcing many of the non-educational services will be discussed later in Chapter V.

The fourth of five research questions inquired, "What review processes and criteria are currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district?" As with the previous research questions, the researcher was able to identify common themes in the responses of the focus groups.

As expected, the dominant criterion in the review process currently in place to evaluate the effectiveness of non-instructional education services already outsourced in the district was dominated by fiscal concerns. Participants utilized slightly different verbiage to ask, "Can we do this more economically if we bring this service back in-house?"

Another common theme in focus group participants responding to the abovementioned process was "Are we satisfied with the quality of the work being done?" Focus group members identified instances where issues such as poorly written contracts and insufficient communication with the vendor resulted in services which were not an improvement over the levels realized when the work was performed in-house. Additionally, the focus groups concurred that part of this evaluation process should include whether the vendor had any expertise that the district's in-house personnel lacked or possessed any special equipment that the district needed. Examples of each instance were given by focus group participants.

In regard to expertise which was not possessed by the district, an example was given of how the outsourcing vendor who had a contract for the lawn maintenance had his employees trained in the proper application, handling, and disposal of the hazardous chemicals associated

with landscaping. An example of a vendor possessing equipment which the district did not own was cited by one focus group participant informing the researcher that a technology vendor used a \$35,000 cable tester to troubleshoot the problem in the infrastructure cabling which carried the district's network traffic. He claimed it would not be practical to own this piece of equipment. Although it was needed at this time, he might use it once every three years.

The last two criteria in assessing currently outsourced services were related to the current in-house personnel. One issue examined was whether or not the district's current level of manpower was insufficient to handle the task being currently outsourced.

The final concern during the evaluation stage of currently outsourced non-educational services was whether the privatization of the selected task was politically correct. A detailed explanation of this scenario follows in the fifth and final research question.

The fifth and final research question in this qualitative study read, "What are the perceived obstacles and critical issues currently related to outsourcing non-instructional education services in the district?" This question was another query which benefited from the detail of data gained from the qualitative nature of the project.

Similar to Retzlaff's (2009) study, the group identified the obstacle of inadequate communication. The focus groups from this study that resided in New Jersey, unlike the participants from Delaware, did not find a lack of qualified staff and limited availability of services to be major obstacles. Participants in this research study specified that being located in a densely populated region was conducive to creating an environment where a sufficient number of available vendors would competitively bid for the services being outsourced by the school districts of the participants. Several vendors were identified by name and were recognizable to the participants in all groups.

Retzlaff's study included a survey with a set of statements which focused on obstacles in the outsourcing process. A likert scale was utilized, ranging from "Strongly Agree" to "Strongly Disagree." A review of the responses of the study conducted in New Jersey and Retzlaff's study, which took place a little more than three years ago in Delaware, was conducted.

It was revealed that both the New Jersey and Delaware participants found that insufficient and unclear policies in outsourcing presented an obstacle to implementation of outsourcing. Another item both groups found as an obstacle was unclear information which resulted in both confusion and a lack of awareness regarding the topic of outsourcing.

Although some of the obstacles identified by the focus groups in this study were consistent with the Delaware based study from which this project was replicated, there were differences in the perceptions of the lack of availability of vendors and qualified staff.

However, the researcher found that the dominant obstacle emphasized by all of the focus groups was absent from Retzlaff's (2009) study. This may be due to the quantitative nature of Retzlaff's study, which did not capture the feelings and perceptions of the participants' opinions regarding union efforts to build barriers designed to be an insurmountable obstruction to outsourcing implementation efforts.

Each group either experienced first-hand or cited examples of the efforts of unions to protect the jobs of their members. Throughout this study, commencing with the purpose of the study, literature review, data collection, and ultimately the findings, the emotional and confrontational debate over privatization efforts was prevalent. Focus groups identified common themes utilized by the union to portray outsourcing in a negative light.

It should be noted that the researcher's following description of the union methods of protecting its membership is neither an endorsement or in opposition to their tactics. That needs

to be determined by individual boards and district communities based on their present culture and values.

The participants in all the focus groups identified five claims of the unions for which there is insufficient research to prove or disprove. They are not presented in any specific order. The first claim is that utilizing outside vendors would result in exposing students to dangerous individuals.

The second claim was that utilizing outside vendors would result in an increase in the theft rates in the district. Next on their list of claims resulting from privatizing service is that good jobs currently held by upright community members were being replaced with low-paying jobs and a high rate of transience.

Additionally, the fourth claim speaks to the quality of the work. Work done by outside vendors was portrayed as substandard compared to the work of long-time employees, who truly cared about the district. The fifth strategy that the focus groups identified was the unions using their membership to pack board meetings. A focus group participant noted that 50 additional seats needed to be brought into a meeting which was typically attended by three to five community members. Each of the focus group participants was aware of at least one instance where current school leaders were highly criticized for “going after” the lowest paid employees while the “overpaid” administration did not suffer any cuts. A review of current articles illustrates how controversial and emotional the debates can be, particularly in times where there is a poor job market with high unemployment rates.

School leaders who decide to pursue outsourcing as a management tool need to be prepared for public relations efforts that will be highly critical of their efforts. As the fiscal crisis is projected to persist, along with a weak jobs outlook, the opposition that districts will face in

attempting to privatize services, particularly in areas with a strong union presence, is sure to remain confrontational. More research in the future is needed to provide clarity in this area.

Implications of the Study

The privatization of non-educational services, including food services, transportation, technology, and building maintenance and cleaning results in implications of which the entire school community needs to be cognizant.

For those public schools that are in the process of privatizing non-educational services, it is imperative to be aware of the following implications:

1. Congruent with Retzlaff's (2009) study, the data indicate that it is critical to realize that public schools and public school districts do not change easily. School leaders must be willing to invest the time and effort necessary to successfully transition to outsourced services.
2. The decision makers in the outsourcing process need to prioritize communication amongst all of the affected stakeholders. The data show that the current uncertainty and confusion regarding outsourcing needs to be addressed by providing a better understanding of the impact of outsourcing to the entire community.
3. Obstacles identified in the study need to be dealt with through varying types of methods. As identified in this and Retzlaff's (2009) study, the obstacles presented in the findings of this study would best be resolved by "negotiated agreements, continued studies, data-driven and shared decision-making, and networking of all stakeholders" (p. 112). In addition to Retzlaff's suggested methods, the researcher adds that a positive relationship with the bargaining unit in each district needs to be a point of focus and absolute priority.

As is the case with Retzlaff's (2009) study, the findings from this study can only be generalized to this study of selected districts. However, it can be utilized as the basis of research for other districts either in New Jersey or across the United States.

This research study may be readily replicated in districts throughout New Jersey and other states with the data being a product of the specifically defined focus groups. The researcher feels that findings will greatly vary from state to state, as shown by comparing New Jersey to their counterparts in other states.

Accordingly, the data produced by this study may not be generalized to other settings and potentially have significantly different findings.

Implications for Policy and Practice

The implications for this study are important to those school leaders who are currently outsourcing or considering outsourcing non-educational services in their schools. As a product of the findings of this study, the researcher provides the following recommendations for changes in policy and practice to improve schools' understanding, management, and control of their outsourcing efforts.

1. The establishment of an easily accessible national central agency for the collection, maintenance, and distribution of materials, information, and resources relating to outsourcing in schools.
2. The development of an outsourcing forum made up of those who are outsourcing or those thinking about outsourcing where those with experience can share thoughts with one another and their colleagues who are considering privatization. Pitfalls can be avoided and success may be replicated from the communication amongst group members.

3. The development of state outsourcing guidelines and policies which are in compliance with each individual state's regulations. There is a critical need for written policies on how to deal with outsourcing. The schools in this study had no written or formal policies regarding privatization. The schools and the vendors jointly developed their contracts without prior policies in place for reformers. An acute need for vendor performance guidelines was also discovered during this research effort.
4. Establish a partnership with legal experts to get help in writing policies to deal with the complications that result from the intricacies of outsourcing. These policies and subsequent written contracts need to successfully deal with the potential fraud, deception, and corruption amongst vendors. It should be noted that the vast majority of problems revealed in this study were a result of poorly written contracts with insufficient detail of services to be provided and poor protection for the district.
5. Assignment of personnel to monitor outsourcing vendors on a regular basis. An evaluation cycle which occurs on a regular basis is a key component of monitoring any vendor providing services to the school district. These individuals need to meet on a regular basis and then report to the board of education as to the vendor's performance and any issues which may arise.
6. Districts should implement an educational program to provide the public with the facts. The negative public relations campaigns which are led by the unions to protect the jobs of their membership have mostly gone unchallenged. The schools that are outsourcing or considering outsourcing are being depicted by the unions as the villains. A balanced view needs to be provided which sheds light on the benefits of privatization. The cost savings, gains in efficiency, and the ability to restore programs

which were cut due to financial constraints need to be weighed against the negatives pointed out by the union.

The topic of outsourcing will remain controversial. However, this research, along with well written policies and practices, will put school leaders in a better position to make important decisions in the area of outsourcing. Initially, before a district enters into an outsourcing agreement, policies should be in place that provide school leaders with guidelines in dealing with the district's outsourcing needs, outsourcing selection criteria, outsourcing contracts, and vendor performance monitoring.

With a comprehensive set of policies in place, school leaders need to focus on practices which are aligned with the purpose of their policies. Good quality practices in the outsourcing of non-educational services need to include the formation of an "outsourcing team" made up of a diverse group of stakeholders in the outsourcing process. Representation of each step in the process from developing the specifications to monitoring the vendor's performance needs to be included.

The group needs to schedule meetings on a regular basis to provide the requisite data to the board of education in order that prudent decisions can be made regarding which services to outsource, whether vendor performance is satisfactory, and whether to continue outsourcing a service or bring it back in-house.

Schools need to have the discipline to adhere to policies and follow up on any problems noted. The annual reviews conducted by the majority of districts are insufficient to adequately evaluate outsourcing and make the necessary changes and adjustments to maximize benefits to the school. The researcher recommends that the frequency be monthly at a minimum, with the results being shared at an open public meeting.

The aforementioned policies and guidelines need to be utilized to justify the school leader's decision to outsource each individual service. These important decisions, which affect workers' livelihoods, are too important to make on intuition alone. Board members and administrators need to be prepared to answer questions and justify decisions regarding outsourcing services in their schools.

With strong policies in place, and an administrative team committed to implementing practices which adhere to these policies, districts will maximize their chances at providing the maximum benefits that outsourcing has to offer. As outsourcing continues to grow, so will the need for reliable research to help make these important decisions in a better informed manner. This research adds important data to the somewhat limited knowledge base in the area of outsourcing non-educational services in public schools. Further research, expanded upon in the next section of this research is absolutely warranted.

Recommendations for Future Research

This project, as is the case with a majority of research studies, produces avenues and opportunities for valuable further research. The researcher prepared a listing of future recommendations by directly extracting the findings of Retzlaff (2009), along with additional recommendations brought about due to the findings of this study. Accordingly, the researcher presents the following recommendations for future research:

- Expand the study to include all school board members, district office administrative staff, and all building level administrators.
- Add to the findings of this study by including more of the public school districts in New Jersey.
- Examine the effect of outsourcing on employee morale

- Conduct a research study examining the social factors regarding outsourcing and the subsequent impact on our schools.
- Continue to search the growing outsourcing literature database to try to identify exemplary programs and to determine processes utilized.
- Examine examples of flexible school board policies and state regulations concerning outsourcing contracts and cost-benefit analysis.
- Conduct a replication of this study in neighboring states.
- Compare and contrast the findings of this study with a similar study where union members would be included in the roster of participants.
- Expand the study to review in greater detail the economics of outsourcing, including cost benefits analysis and contracting.
- Conduct a study to compare the perceptions and opinions of the public with those in the decision making process.
- Examine the impact of outsourcing on staff morale.
- Examine the determinant factors in schools selected to bring services back in-house.
- Conduct a satisfaction survey of the districts who implemented outsourcing non-educational service.

Concluding Remarks

This research project did produce some substantial findings regarding the outsourcing of non-educational services in the counties of Bergen and Passaic in New Jersey.

An examination of the data appears to indicate that there are numerous issues which the public schools in the abovementioned counties in New Jersey need to address if they desire to successfully implement outsourcing of non-educational services as a management tool. The

district leaders need to focus on better communication, cooperation and collaboration among the identified key stakeholders, all of which are essential if outsourcing is to have any legitimate chance to be successful. (Retzlaff, 2006).

These stakeholders must also address the need to develop a plan to deal with strong union opposition and the subsequent negative press to be directed at their efforts. The areas of agreement and disagreement among focus group members were also revealed during the study. These areas must also be addressed by those districts attempting to utilize outsourcing as an alternative.

There is an absolute need to conduct further studies relating to the privatization of non-educational services. There is presently an acute shortage of quality research resulting in key decision makers not having enough reliable data to either support or oppose outsourcing efforts in their respective school districts.

Although many of the findings of this study are in agreement with the Retzlaff study upon which this research project is based, there is still a great deal of controversy surrounding outsourcing. Anecdotal stories which both support and oppose the privatization of the non-educational services examined in this study remain neither proven nor disproven, as much more research is required in this area.

This study is important as it will add to the limited amount of available research in the area of public schools using outsourcing as a management tool. A review of the subsequent findings will result in the individuals in the decision-making process being better informed about the perceptions and opinions regarding privatization.

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