



# WHEN UTRUST MEMBERS OUTSOURCE SERVICES

Boards struggling with budgets that aren't growing as fast as their needs are carefully examine every line item in their budgets. They consider whether they are getting the most of every dollar and search for ways to save taxpayer dollars by providing services less expensively.

As a result, sometimes boards consider outsourcing services. Private companies claim they can provide quality services more efficiently than the board can provide them. Thus, they argue that they can provide services---food service, janitorial service, bus drivers, etc. --- at a savings to the school board.

## **Factor in Unemployment Cost**

Utrust takes no position on whether boards should outsource services that have been provided by employees of the school board. However, we suggest that the board factor in the cost of unemployment compensation as they consider the costs that will result from such an action. For example, a board which lays off 60 custodians to outsource the service can expect up to \$429,000 in unemployment compensation costs if the board's previous employees all become unemployed.

## **Extended Benefits Increase Costs to Local Boards**

However, the State has temporarily extended unemployment benefits for an additional 13 weeks. This means that the school board in the example above could expect maximum unemployment costs to increase from \$429,000 up to a total of \$643,500.

## **Costs Not Covered by Utrust**

Laying off employees to contract out a particular service is an exception to normal unemployment practices, not a usual cost of unemployment. Utrust will not cover such costs since it is a voluntary choice that the school board makes for financial reasons unrelated to the quality of an employee's work. It is not fair to other boards in Utrust to allow one member board to adopt a cost saving measure at the expense of all of the other members. Therefore, when a board in Utrust lays off employees to contract out the service, the unemployment costs associated with that action will be passed on directly to the board as they are billed from the state.