



The Case Against Privatization

Texas state universities were established with the public service mission of providing quality, affordable education for Texas residents. In return, the legislature funded and oversaw public university operations. Under this system, state universities became thriving public institutions of higher education that were widely respected for their rigorous academics and affordability. UT Austin, for example, was founded in 1883 and recognized in 1985 as a “Public Ivy”—a public university that provides an Ivy League education at an affordable price.

As the legislature has pulled back funding over the last two decades, university leaders have sought to reduce costs by consolidating work, contracting out university functions, and shifting the financial burden to students. These moves have resulted in higher workloads and increased turnover of staff and faculty, as well as increased costs and reduced services for students.

Privatization typically means laying off public workers who have decent salaries with good benefits, replacing them with inexperienced, lower-paid staff with few benefits. Private contractors are not accountable to taxpayers or elected officials, and the news is full of recent examples of lax contract oversight resulting in the loss of millions in taxpayer dollars. Only fully funded, publicly accountable higher education will fulfill the vision of our state’s constitution: first class higher education for all Texans.

A&M University: A Case Study in Privatization

In February of 2012, Texas A&M Chancellor John Sharp announced plans to contract out the university’s custodial, landscaping, building maintenance, and dining services departments. Despite vocal opposition from students, faculty, staff and the local community, Sharp announced that the contract had been awarded to Compass Group, USA (a British-based company).

Throughout the process, Sharp and other administration officials repeatedly told staff in the targeted departments that they would be guaranteed jobs with Compass for 2 years and that their pay and benefits would be similar to what they received working for A&M. 1,647 workers in the four departments were laid off and forced to re-apply with Compass for the same jobs they’d had for years with the university. Only 600 were rehired, with reduced benefits. Six months later, more than half of these employees had been terminated—after training their replacements who were hired at lower pay.

Moreover, the entire A&M and College Station community has suffered. When students returned, their meal plans cost more and the local economy was hurt because Compass does not rely on local vendors but imports what it needs from outside of Texas.

SUPPORT:

SB 407 and its companion bill, HB 792, relating to the exception from disclosure under the public information law for information related to competition or bidding.

SB 408 and its companion bill, HB 793, relating to the definition of a governmental body for the purposes of the public information law.