

To: The SAGE Commission

From: David Guedry, John Guedry, Esq., and Dr. Cathy Mincberg

Subject: Outsourcing district business functions to reduce costs and improve efficiencies

### **Summary**

In order to improve efficiency and reduce costs, the Commission should recommend that the State of Nevada engages experienced consultants to assist districts in structuring and implementing a process to outsource specific business (non-educational) services currently being performed by the districts to third party providers. The third party providers should be selected through a rigorous competitive bidding process modeled after the outsourcing initiatives undertaken by the Houston Independent School District (HISD). The process implemented by HISD included but was not limited to: the design of the outsourcing parameters/philosophy, metrics, contracts, and ongoing management and oversight.

### **Background**

In the mid to late 1990s, and following a review of HISD's operational structure by the Texas Legislature, HISD determined it could better and more cost efficiently serve its students and its other stakeholders by outsourcing a number of its business services - including among others, food services, facilities management, transportation, HR and IT – to third party, best in class providers. This decision by the HISD Superintendent and its Board of Trustees and approved by the Texas Legislature resulted in significant and meaningful administrative savings and measurable improvement of services.

The Commission heard testimony from Dr. Cathy Mincberg, the former Chief Business Officer and a former HISD Board of Trustee at the time HISD implemented the outsourcing initiatives and \*David Guedry, Esquire, the outsourcing attorney that led the legal effort on behalf of HISD as it put in place the competitive bidding process, and structured and negotiated the outsourcing contracts with the various providers.

### **Recommendation**

The Commission should consider:

Recommending that the 2017 Nevada Legislature direct the Clark County School District (CCSD) and the Washoe County School District (WCSD) to engage experienced consultants to work with the Districts in developing plans for the outsourcing of appropriate business (non-educational) services.

In considering this recommendation, the state should hire consultants that have successful experience implementing and managing an outsourced model similar to that implemented by HISD. Additionally, prior to

the start of the 2017-2018 school year, the consultants should be required to submit to the state a plan that will provide for the process of migrating the outsourced services to winning bidders by the 2018-2019 school year. The consultants would help the districts put in place (i) a set of readily measurable service levels that obligates providers to deliver business services in a manner that continually lowers costs to the district while improving performance and (ii) an administrative structure that ensures the continued measurement of the services by the districts. All administrative savings should be allocated back to the participating districts to be used for classroom education purposes providing an added incentive for the districts active participation in the outsourcing program.

**Conclusion**

The recommendations to the Commission is made with the ultimate objective of developing a contract and operational outsourcing model, including a competitive bidding procedure and a contract management process that is designed to lower cost, improve service, and increase accountability.

The outsourcing of non-core functions to best in class third party providers is a proven strategy that has been used for decades by organizations of all sizes in the private and public sectors. Employing these strategies and staying true to the goals and objectives noted above allow districts to reduce inefficiencies and focus attention, energy, and efforts on the primary focus of any education administration: student performance in areas such as graduation rates and subject matter proficiency (i.e., reading, math, science, technology, etc.).

\* In the interests of full disclosure, the Commission notes that Mr. David Guedry is the brother of Mr. John Guedry, a member of the Commission.