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Contact: Ron Roach, Communications Director
916 930-3104 or ron@caltax.org

Cal-Tax Criticizes Defeat of Competitive Contracting Legislation

The California Taxpayers' Association expressed disappointment in an Assembly committee's refusal to pass legislation sponsored by the Schwarzenegger Administration to repeal a 2002 statute that is making it more expensive and difficult for school districts to provide important services to children.

The Assembly Committee on Public Employees, Retirement and Social Security today defeated **AB 2992** (McCarthy) and **AB 2415** (Benoit), which sought to repeal SB 1419 (Alarcon) of 2002 and remove significant obstacles to districts that want to contract out for non-teaching services, such as bus transportation, cafeteria, athletic field maintenance and computer installation. The governor called for repeal of SB 1419 in his State of the State address in January, citing it as an example of public employee special interest influence in Sacramento.

In a letter to the committee, Lisa Martin, Cal-Tax policy analyst, said the law that took effect January 1, 2003 "placed unnecessary restrictions on personal services contracts of school districts and community college districts, limiting their ability to contract out for essential services. At a time when managers need more flexibility and options to meet service demands, and the state is desperately seeking solutions to close a multibillion-dollar revenue gap, measures such as SB 1419 are inappropriate and must be revoked.

"By imposing these anti-competitive restrictions on schools and community colleges, Senate Bill 1419 has restricted their ability to hire the most efficient workforce (public or private) to deliver the highest quality services (based on the quality of their inputs and outputs, including safety records, and overall performance) at the lowest cost. With competition subtracted from this equation, what remains is a protected public workforce with little motivation or incentive to strive for improved services. Ultimately, Californians will wind up paying higher tax dollars for less effective public services.

"Cal-Tax believes performance-based contracting, which in some cases has resulted in savings of 10% to 40%, is a taxpayer-friendly innovation that achieves high quality, competitively priced public services for Californians. When cost savings are realized from non-instructional services, this allows more tax dollars to be redirected to classrooms. When this occurs, California taxpayers receive value returned in the form of quality public services for their hard-earned tax dollars."