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May 15, 2012

The Honorable Phil Mendelson
Councilmember at Large
Chairman, Committee on the Judiciary
1350 Pennsylvania Avenue, NW, Suite 402
Washington, D.C. 20004

Letter Report: School Security Privatization

Dear Councilmember Mendelson:

This is in response to your letter of February 21, 2012 regarding the school security contract. The Office of the D.C. Auditor (ODCA) examined labor costs associated with the District of Columbia bringing school security services in-house.

According to a report issued by the Strategic Partnership Schools Group (SPSG), titled Contract vs. Employee Security Guards for the D.C. Public Schools, "...cost alone cannot be the sole criteria upon which a community bases a decision of whether to use contract guard personnel or city staff hired by the police department or the local schools. Other factors that must be considered include (1) the ability of the schools or police to manage the security function, (2) the linkage between security in schools and policing in the neighborhoods surrounding the schools, and (3) the availability of the needed skills in the new workforce."¹

The SPSG report further states, "For the in-house security employee scenario, the cost elements are generally the same as with the contract personnel scenario, except that there is no profit. This is a substantial expense category."²

Finally, the SPSG report concludes that, "it is more expensive to contract for security for the following reasons: number of school district employees needed to monitor the contract, overhead and fringe benefit rates, profit margins and training costs."³

¹ Contract vs. Employee Security Guards for the D.C. Public Schools, Prepared for the Metropolitan Police Department Washington, D.C., November 2004, Strategic Partnership Schools Group, New York City, page 4.

² Ibid, page 13.

³ Ibid, page 20.

For our examination of the labor costs associated with the District of Columbia bringing school security services in-house, ODCA did not examine the non personnel cost that the District, the Metropolitan Police Department (MPD) or D.C. Public Schools (DCPS) would incur to manage and administer an in-house school security services force. We made no assumptions regarding decisions District officials, MPD or DCPS would make to facilitate school security services or the associated costs. These management decisions would include the organizational structure required at DCPS and MPD to facilitate the management and operation of the DCPS school security function as well as the following costs:

- Equipment
- Uniforms
- Background Checks
- Drug Testing
- Training
- Supplies
- Rental of Facilities
- Insurance
- MPD - Patrol Services and School Security Bureau
- DCPS - School Security Division

SCOPE AND METHODOLOGY

To accomplish our objective the Auditor examined the request for proposal, DCFA-2012-R-0466 for DCPS Security Services, prior audit and consultant reports and relevant documentation. We also interviewed the Office of Contracting and Procurement (OCP) Contracting Officer responsible for the current DCPS Security Services Contract and the MPD Contracting Officer Representative responsible for the current DCPS Security Services Contract.

BACKGROUND

The District of Columbia School Reform Act of 1995, Pub. L. No. 104-134, § 2751, 110 Stat. 1321 (1996), required the D.C. Board of Education (BOE) to enter into a security services contract on behalf of District schools for academic year 1995-96 and each academic year thereafter. Pursuant to the Public Education Reform Act of 2007, April 19, 2007, the Mayor assumed the responsibilities of the BOE. DCPS became an agency controlled by the Mayor. The leadership of DCPS changed; however, the requirement for school security services to be outsourced remained unchanged.

Pursuant to D.C. Code § 5-132.02, effective August 2, 2004, the Metropolitan Police Department was required to establish a division within MPD that would:

- hire all school security personnel for DCPS;
- deploy school personnel to DCPS and public charter schools;
- provide oversight and management of school security personnel; and
- execute, approve, monitor, and provide oversight of any school security services contracts.

On September 23, 2007, Chief of Police Cathy L. Lanier established the Patrol Services and School Security Bureau. The Patrol Services and School Security Bureau, School Security Division is responsible for overseeing and managing the DCPS school security contract.

On February 23, 2012, on behalf of the MPD, the OCP issued RFP, DCFA-2012-R-0466 (the RFP). The RFP provides for a 2-year contract with 3 option years. The contractor will be responsible for providing school security services to approximately 125 D.C. schools and 50,000 students.

GUARD COSTS

The RFP provides that an estimated 269 full-time, Guard I Officers and 22 full-time, Guard II Officers will be required to provide security and security supervisory services at DCPS schools and facilities.

Guard I Officers licensed in the District of Columbia, do not carry firearms, and have no authority to search, detain, arrest, or exercise physical contact with individuals. Guard II Officers are commissioned in the District and have authority to make arrests. Unlike Guard II Officers contracted under the District's overall security contract, Guard II Officers that provide school security are not permitted to carry weapons.

As part of our examination of labor costs associated with bringing security services for DCPS in-house, we established a baseline for labor costs for Guard I Officers and Guard II Officers. ODCA examined the RFP requirements, solicitation amendments, number of facilities to be patrolled, approximate labor hours, and hourly wages for guard services. We also examined a union labor agreement, applicable laws and regulations and other relevant documentation. Based on our review, we determined that the key cost elements for determining the labor cost for school security services were:

- type of guards
- total number of each type of guard

- total labor hours for each type of guard
- fringe benefit rates

The RFP provides that the security services contractor must pay minimum wages in accordance with Wage Determination 2005-2103 Revision No. 11, dated June 13, 2011, issued in by the Department of Labor (DOL) in accordance with the Service Contract Act, 41 U.S.C. § 351 *et seq* (Wage Determination Standard). However, OCP adopted the minimum hourly wages, fringe rates and payouts provided for in the collective bargaining agreement (CBA) between Securitas Security Services USA (Securitas) and Service Employees International Union, Local 32BJ that was adopted April 9, 2008 and extends through June 30, 2012. As such, any contractor selected to perform security services at DCPS must compensate Guard I Officers and Guard II Officers in accordance with the CBA. Minimum wages provided in the CBA are slightly higher than minimum wages provided by the DOL Wage Determination Standards.

In determining the minimum wages for Guard I Officers and Guard II Officers, we considered the CBA. However, we did not consider subsequent union agreements, hiring and promotional practices, over-time pay, holiday pay, sick leave pay, vacation pay, jury duty pay and other mandated compensation requirements that would increase the cost to provide school security. As such, the cost for the District to employ Guard I Officers and Guard II Officers could be higher than the estimate included in this letter report.

Labor Types - We estimate that the total for Guard I Officers and Guard II Officers, excluding fringe benefit costs, is \$9,099,335 per year. The estimated cost for Guard I Officers is \$8,083,910 and \$1,015,425 for Guard II Officers. The RFP provides that for option years two, three, and four that Guard I Officers will work an estimated total of 545,473 labor hours per year and Guard II Officers will work an estimated total of 42,647 labor hours per year. In accordance with the CBA, effective October 2, 2012, the minimum wage for Guard I Officers is \$14.82 and Guard II Officers is \$23.81.

Fringe Benefits - We estimate that the fringe benefit cost associated with the District employing Guard I Officers and Guard II Officers would be \$2,273,084 per year. We calculated the fringe benefit cost based on the CBA provisions for the Health and Welfare Services (HWS), saving plan/401(k) required contributions, and Uniform Supplement payments.

Effective October 2, 2012, the CBA provides that Guard I Officers and Guard II Officers will be paid at least \$3.58 per hour. The HWS is consistent with the Wage Determination Standard. The CBA provides that the contractor will contribute \$.15 per hour to the savings plan/401(k) for Guard I Officers and Guard II Officers. Additionally, the CBA requires that the contractor provide Guard I Officers \$135 per year and Guard II Officers \$175 per year for a Uniform Supplement. The Uniform Supplement equates to an average of \$.13.5 per hour.

Fringe benefits (HWS, savings plan/401(k), and clothing allowance) total approximately \$3.87 per hour.

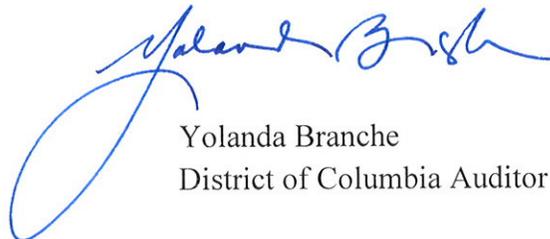
Based on our review of the RFP and CBA, we estimate that it would cost the District approximately \$11.4 million per year to employ Guard I Officers and Guard II Officers. Table 1 presents guard costs for school security.

Table 1 – Guard Costs for School Security

Cost for Guard I Officers & Guard II Officers for Base Year and Option Years Two, Three, and Four			
Type of Service	Approximate Labor Hours Per Year	Minimum Labor Rates Per Hour	Total Cost Per Year
Guard I Officer	545,473 hours	\$14.82	\$8,083,910
Guard II Officer	42,647 hours	\$23.81	\$1,015,425
Fringe Benefits (\$3.73/hour)(588,120)			\$2,273,084
Total for Guards	588,120 hours		\$11,372,419

I trust that you will find this letter report to be useful. Please contact me if you require additional information.

Sincerely,



Yolanda Branche
District of Columbia Auditor