

Price gouging on school projects must stop

HELEN HARDY PIERCE | Commentary

May 26, 2017



School districts in Pennsylvania have been victims of a very expensive waste of taxpayer money for the past decade or more.

Certainly they can save money when they use cooperative purchasing for items like pencils and computers. But since at least 2005, our schools have lost millions of dollars when they purchased roofing through this kind of system.

Like their counterparts across the commonwealth, Lancaster-area school districts have overpaid for roofing projects. Fortunately, there is movement in Harrisburg to address this scandalous misuse of tax dollars.

This is a national problem, and it is very serious in Pennsylvania. Schools have been victimized by cooperative purchasing schemes that have cost taxpayers in excess of \$100 million.

How is it that school districts have been paying twice as much they should for roofing projects?

A survey by Ducker Worldwide found that Pennsylvania schools that purchased roofs through the Association of Educational Purchasing Agencies drastically overpaid for roofing projects. According to the Ducker study, from 2005 to 2010, schools spent \$100 million more than they would have spent through public competitive bidding. You can find the survey, as well as studies in other states, at bit.ly/ProcurementSurvey.

This wasted money could have purchased 33 million school lunches for low-income students, or 100,000 school computers.

Pennsylvania is not alone. These anti-competitive, wasteful practices have been uncovered in many states, including Maryland, New Jersey, California, Texas, Indiana, Massachusetts, Virginia and others.

Pennsylvania is one of 23 states that contract for roofing projects through AEPA, which funnels the projects through Tremco, a national roofing contractor. Tremco's parent company, RPM International Inc., recently settled for \$65 million a lawsuit that charged it defrauded the General Services Administration and other government entities by overcharging for roofing contracts as far back as 2002.

Separately, Slippery Rock School District brought a defective materials suit against Weather Technologies, a Tremco company that sold material to the district through AEPA cooperative purchasing.

It's unfortunate that a process that allows the manufacturer to act as designer, contractor and installer was allowed to exist. It not only led to wasteful spending, it also disregarded quality and best practices.

Fortunately, the kind of oversight needed is being advanced in Harrisburg. Republican state Rep. Kerry Benninghoff, of Centre County, has introduced legislation in both the House and Senate to reform this process.

Once passed, it will be a new day in Pennsylvania for roofing contractors, who will compete openly and honestly for roofing projects, and our taxpayers will support fair prices for quality work.

Helene Hardy Pierce is vice president of the board of the Coalition for Procurement Reform.