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Congress may throw wrench in Texas privatization plan

Proposal attempts to limit the role of private workers in food stamp program.

By [Jason Embry and Corrie MacLaggan](#)

AMERICAN-STATESMAN STAFF

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WASHINGTON — In a direct response to problems in Texas, Congress is considering new limits on the role that private companies can play in states' public assistance programs.

A provision in a major farm bill approved by the U.S. House would bar states from allowing employees of private firms to interact with people who are applying for food stamps or to decide someone's eligibility for the program. The measure could force Texas to rework its plans to privatize food stamp enrollment.

The author of the provision, U.S. Rep. Joe Baca, D-Calif., said it was inspired in part by problems in Texas, where some eligible families were improperly denied food stamps, Medicaid and cash assistance during a 2006 privatization test in the Austin area.

"The disastrous attempt to privatize food stamps in Texas was a large reason behind my anti-privatization provision in the House farm bill," Baca said. "The Texas project was a complete fiasco."

In 2007, Texas canceled what was originally a five-year, \$899 million contract with Accenture LLP to run call centers enrolling people in services. But the state did not abandon its plans for private call centers. Texas Health and Human Services Executive Commissioner Albert Hawkins has said privatization will save the state money and give Texans more ways to apply for services: by phone and online, instead of just in person.

Officials in Texas and other states say Baca's proposal would tie their hands.

Texas is in the early stages of selecting a private company to enroll people in food stamps, and a contract could be awarded within the next year. The Baca proposal "would mean a change in our plan for food stamps," said Stephanie Goodman, a spokeswoman for the Texas Health and Human Services Commission. "It does reduce the state's flexibility — and does potentially increase the cost but we're certainly prepared to comply with whatever goes through."

Under Texas' plan, state workers would continue to have the final say on who is eligible for food stamps, but employees of a private company would answer applicants' questions about the status of their cases, Goodman said. That is the sort of contact that Baca's proposal would prohibit.

A private company — Maximus Inc., a former subcontractor of Accenture — now answers some food stamp application questions, mostly from Central Texans. Maximus handles applications for about 275,000 of the state's 2.35 million food stamp recipients, Goodman said.

She said the legislation is so broadly written that it may stop Texas' use of private workers to scan in documents and process mail.

The provision may also keep states from relying on private companies — or even nonprofit groups — to help prevent fraud, connect food stamp recipients with jobs or conduct nutrition education programs, said Larry Goolsby, director of legislative affairs for the American Public Human Services Association, a nonprofit organization of state agencies.

"There are many, many very innocent and helpful activities like that that this law would potentially bring to a complete halt," he said. The provision seems "to be very ill-conceived to address what some are worried about going on in one or two states and, in fact, (would) have huge consequences for many, many states."

The Senate, unlike the House, did not include the anti-privatization provision in the farm bill it passed last year. The Senate version instead calls for greater federal oversight when states make major changes to their programs, such as the push for call centers.

A committee of negotiators from each chamber must work out a final version of the farm legislation and will decide whether Baca's provision survives. Whether the Senate will agree to include it remains to be seen, although Senate agriculture committee Chairman Tom Harkin, D-Iowa, has expressed concerns about the Texas privatization effort to Bush administration officials.

"Chairman Harkin has always been very supportive of anti-privatization efforts," said Kate Cyrul, a spokeswoman for Harkin. "It's really too soon to say anything more beyond that."

Baca said he is committed to making sure that his provision is in the final version of the farm bill. "If we open the door for the privatization of food stamp administration, we risk putting sensitive information about millions of families into the hands of private companies, with no way to monitor how this data will be handled or protected," he said.

But Mary Katherine Stout, vice president of the Texas Public Policy Foundation, which supports limited government, said that privatization has a long history of improving performance and that private companies have shown that they can handle sensitive information. She said Texas' call center pilot program demonstrated the importance of testing an ambitious effort. After initial problems — such as long hold times and call center representatives who couldn't answer applicants' questions — Accenture's performance improved, she said.

"It would be unfortunate to see the federal government close this option to Texas," Stout said.

Goodman said that without private call centers, it would cost Texas at least \$287 million a year to hire enough staff members to handle enrollment for food stamps and Medicaid, the federal-state health insurance program for low-income people.

U.S. Rep. Mike Conaway, R-Midland, called Baca's proposal an attempt to please public employee unions.

"Texas might have bitten off more than they could chew," Conaway said. "But to categorically eliminate the opportunity for outside help — helping government be more nimble and quicker and less expensive and more efficient — to me is just bad public policy."

But Celia Hagert of the Austin-based Center for Public Policy Priorities, which advocates spending more on programs that aim to help low-income families, said states can still modernize their programs using public workers.

"In general," Hagert said, "these types of functions are better performed by trained eligibility workers who don't have a conflict of interest, for whom the bottom line is making sure clients get benefits on time and that benefits are delivered accurately, and not the profit of their company."

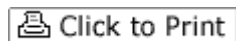
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