Texas welfare plan pits Bush vs. Clinton

by Marianna Wertz

Texas Gov. George W. Bush is preparing to implement the first wholesale privatization of welfare services in the nation, under which a private company will earn $2-3 billion for creating and running a computerized system to determine the eligibility of applicants for more than $8 billion in welfare benefits. Called the Texas Integrated Enrollment Services (TIES), the plan is hotly opposed by trade unions, not only because it threatens the elimination of up to 10,000 union jobs, but because it turns over the running of welfare services to a private company, whose principal concern is making a profit, not the well-being of the state's citizens.

However, Texas can only receive billions of dollars in federal funds for TIES, if it is first approved by the Clinton administration. But the administration's Department of Health and Human Services (HHS) has put the plan on hold since last year, while it decides whether TIES can actually achieve what is claimed.

Michael Kharfen, director of the Office of Public Affairs of the HHS/Children and Families Division in the Clinton administration, told *EIR* on March 5:

"This is an unprecedented systems proposal, in terms of the number of programs it covers, in terms of what it intends to do. . . . We're trying to do this as quickly as possible, that's what we've informed the state. We understand that the state has said, that they are considering proceeding without our guidance on this. What we said to them is, that if they proceed without that approval, then they're proceeding at their own risk."

Charles Stuart, a spokesman for Texas Commissioner of Health and Human Services Mike McKinney, told *EIR* on March 7 that the state's Bush administration views Clinton's refusal to act as a "bait and switch" operation, and said that Texas is preparing to put out bids on the contract, while still negotiating with the administration in Washington.

Union opposition

While a war of words continues between the Bush and Clinton administrations, the unions involved are fighting to retain their own rights and the rights of the welfare recipients involved.

The Texas Communication Workers of America (CWA) Local 6186 last summer issued a demand for public hearings on the privatization proposal, identifying seven problems with TIES which are potentially "fatal to continued quality services to the people of Texas": 1) there is no defined level of access to services for clients; 2) offices could be closed without any public needs assessment process; 3) the plan doesn't guarantee confidentiality of computerized information; 4) TIES doesn't require that state agencies will be responsible for all program, funding, policy, and other key decisions; 5) the plan would contract out to corporate employees eligibility work, which federal law requires be done by state employees; 6) there are no clear requirements that workers in the privatized company get pay and benefits equal to those of state employees whom they would replace; and 7) the plan doesn't require corporate employers to honor state employees' right to organize.

On March 5, *EIR* spoke with Brooks Sunkett, national vice president of Public and Health Care Workers of the CWA, about the situation. Sunkett said, that while privatization of welfare services is occurring nationwide as a result of the federal welfare law passed last August, "a lot of people are waiting to see what happens in Texas. This could be very devastating to public services, especially human services."

Sunkett said that the CWA plans to substantiate what many believe—that Governor Bush's campaigns have been financed by the companies seeking to win the bids for the privatization, which includes most prominently Lockheed-Martin, IBM, Electronic Data Systems, Unisys, and Andersen Consulting. "We can't substantiate it at this time, but there appears to be that connection," he said.

Privatization doesn't save money

Sunkett charged, that while privatization appears to save taxpayers' money in the beginning, it actually doesn't in the long run. "In fact, we have not seen it save money anywhere. There have been a number of studies done, one by OMB [Office of Management and Budget] in the federal government, that showed that it didn't save any money. There have been a number of private studies done, at various universities. Nowhere have we ever seen that, in the long term, it saves money. The only time it does, is in the short term. In the short term, they purposely low-ball certain bids, just to keep their foot in the door. Once they're in the door, and they have a contract, it costs so much money to convert back. But, if you do a tracking on the last five to six years, no place, at any level in this country that we know of, on any scale, would it save money. . . .

"This is more than just about people losing their jobs, and the private sector taking over the place of public workers," Sunkett concluded. "It's also about the level of benefits, it's about the ripoff of tax and government monies. So we're all going to be affected by it. This is more than just about people's jobs. . . . And it devaluates everybody's job. If they break labor, nobody's job is safe in this country."