

Privatization scored in Massachusetts study

by Marianna Wertz

A 22-page study released in January by the University of Massachusetts Dartmouth Center for Policy Analysis, exposes the utter falsity of the claims which privatizers have made for the success of their takeover of state and city services. "The Massachusetts One-Stop Model: Working or Not?," prepared by Clyde W. Barrow, Ph.D., director of the center, severely criticizes the "competitive model of reinventing government"—the politically correct term for privatization—employed in a federally funded pilot project in one-fourth of the One-Stop Career Centers in Massachusetts.

Among the report's findings are the following:

- Computer access to job listings was beyond the abilities of many, because of their lack of computer skills, inability to read, and insufficient English literacy.
- The state-run employment system was able to place 10 times as many welfare recipients in jobs as the privatized services. Some public officials believe that the private vendors concentrate on the easiest-to-place individuals, spending less time in job counselling and education for the more difficult cases.
- Migrant workers did not receive job information quickly enough to be useful to them. The private centers are reluctant to service these customers.
- Job hoarding, the practice of one private vendor's not sharing job openings with other vendors, resulted in fewer choices for job hunters.
- The growth of fee-based services restricts access by unemployed and low-income customers who cannot afford the services.
- There is no proof that the private vendors were more successful in securing placements than the existing Employment Security system.
- Vendor contracts and "outsourcing" are sometimes used to confer patronage on political supporters and to reward campaign contributors.
- Perhaps most importantly, many of these problems are not unique to the one-stop initiative, but are reported frequently in conjunction with other privatization efforts in Massachusetts. The problems appear to be "systemic failures built into the process and dynamics of privatization," the study found.

This study is important for several reasons: It is one of the first to analyze the effects of privatization since the nation began its crash program to privatize services, under the Conservative Revolution's control of Congress, in the early 1990s. Also, Massachusetts is the only state to adopt a "competitive model" of privately operated job training centers, so the results will be looked to by other states. Because the study found such negative results, it could potentially shut down, or at least slow down, privatization in many areas of the nation, especially Michigan, where Gov. John Engler (R) is hell-bent on implementing the same privatized job-training scheme.

No cost savings

According to the study, Massachusetts was one of the first states to receive a U.S. Department of Labor implementation grant for the creation of One-Stop Career Centers. The rationale for privatizing these centers is that private-sector vendors should be able to: "1) maintain the same level of program effectiveness at *less cost* (i.e., more efficiency), or 2) *better achieve program goals* at the same cost (i.e., more effectiveness)."

In fact, the study found, based on an analysis of existing reports and other documents, that "proponents have exaggerated both their general claims about the success of Massachusetts' competitive model and their specific claims about the success of the state's private One-Stop Career Centers. . . ."

"There is no body of evidence to support claims that either competitive or privately operated career centers are more effective than existing public agencies, because to date, no state has performed a comprehensive outcomes assessment comparing the previous system to the One-Stop Career Centers. . . . The state-level performance reports that are now becoming available also indicate that private for-profit and private non-profit vendors are not generally any more or less effective in achieving program goals than are public job placement services."

The problems with the private model (listed above) have been reported by members of both political parties in the Massachusetts House of Representatives, legal service attorneys, state and local civil administrators, business executives, and investigative journalists.

As a result of the problems, the study reports, the Massachusetts state legislature has refused to expand the competitive model, and the Massachusetts Jobs Council is "relaxing" it. Last August, "Massachusetts Governor Celluci ordered a reexamination of all privatization initiatives because they were failing to meet state standards and were putting profits before client interests," according to the study.

Copies of the report are available from The Center for Policy Analysis, University of Massachusetts Dartmouth, 285 Old Westport Road, North Dartmouth, Massachusetts 02747-2300 (telephone: 508 999-8943; fax: 508 999-8374).