



CWDA

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July 23, 2009

To: Honorable Members, California Legislature

From: Frank J. Mecca, CWDA Executive Director  
Kelly Brooks, CSAC Legislative Representative

Re: **AB4X 7/SB4X 7 - Contracting Out Human Services Eligibility - OPPOSE**

CSAC and CWDA urge your NO vote on AB4X 7/SB4X 7, legislation that seeks to privatize eligibility operations for CalWORKs, Food Stamps, and Medi-Cal. This unnecessary proposal is nothing more than a corporate giveaway that would not achieve the stated savings, would harm clients, and is certain to fail.

- **A giveaway to big corporations at taxpayers' expense.** The proposal is based on a shoddy and thoroughly repudiated fiscal analysis that ignores hundreds of millions of dollars of up-front costs that would duplicate current systems that work well. The overstated savings figures touted by the Administration come from apples-to-oranges comparisons and ridiculous timelines for implementation.
- **Other states' privatized systems have failed miserably.** In Texas, \$600 million in projected savings never materialized and the Comptroller called the system a "perfect story of wasted tax dollars, reduced access to services and profiteering at taxpayers' expense." Indiana's privately run welfare project has mishandled significant numbers of cases, denying benefits to eligible families, and the entire contract may be canceled.
- **It will fail here, too.** After 20 years of failed state efforts to automate human services, county-led efforts resulted in the current successful multi-consortia approach we have today. State attempts to automate similar services have either failed or taken extended periods of time to complete, at a substantially greater cost than originally estimated. There is no reason to believe that this effort would be any different.
- **Proposal is based on misinformation.** Statements that counties rely on a "pen and paper" system are false. Californians can already apply for Food Stamps on-line in five counties, which will expand to all counties over the next year and include access to Medi-Cal and CalWORKs in a majority of counties. Counties also are leading the way with other efficiencies such as call centers to improve access and support clients.
- **Clients will be harmed.** In just the first four months of the Texas project, more than 100,000 children lost their health coverage. The Indianapolis Star reported that "many elderly, disabled, sick, hungry, and impoverished Hoosiers have met with denial and delay in their quest for food stamps, Medicaid, and aid to children under the new operation." Advocacy organizations join us in opposing the proposal because of its negative impacts on vulnerable clients.