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Breaking News

PUBLISHED: 03-17-07 5:36 PM EST

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State outsourcing plan hits key milestone Monday

By **KEN KUSMER**
The Associated Press

INDIANAPOLIS - The outsourcing of much of Indiana's welfare safety net reaches a key milestone Monday when more than 1,500 workers leave their state jobs to join a group of private vendors with a 10-year contract designed to streamline the way people receive benefits.

Those former employees of the Family and Social Services Administration still will help people apply for and continue receiving food stamps, Medicaid and other aid, but not as state case workers. They'll now be employees of Dallas-based Affiliated Computer Services Inc., a partner in the IBM Corp.-led group calling itself the Hoosier Coalition for Self Sufficiency.

At stake is the smooth, uninterrupted delivery of benefits depended upon by 1.1 million children, seniors and needy and disabled people, or one of every six Indiana residents. The administration of Gov. Mitch Daniels has wagered \$1.16 million on a successful outcome, making the contract one of the richest in state history.

Not everyone shares the administration's confidence, especially after Texas abruptly canceled a similar contract last Monday. The Food and Nutrition Service, the federal agency that oversees the food stamp program, imposed new demands on FSSA last week so it can better monitor the progress of the IBM coalition. Advocates also are watching closely to make sure the privatization doesn't leave gaping holes in the safety net for vulnerable Hoosiers.

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"It really does behoove everyone in Indiana to look at this carefully as it unfolds," said Patti O'Callaghan of Lafayette, president of an advocate network called the Indiana Coalition for Human Services.

Extensive meetings and letters among FSSA and federal officials and IBM coalition staff have led to safeguards aimed at preventing big problems in the new public-private welfare eligibility partnership. Those safeguards include a more detailed contingency plan at the request of the Food and Nutrition Service, with various scenarios anticipating things that can go wrong.

"Specifically, the plan must include a contingency to respond rapidly if the state or FNS determine the number of state merit staff is not sufficient," the federal agency's Midwest regional administrator, Ollice Holden, wrote in a letter dated Wednesday to FSSA Secretary Mitch Roob. FSSA has since told Holden that it has such a backup plan in place.

Federal law says only state merit staff can authorize food stamps. Two-thirds of the approximately 2,200 FSSA employees involved in that work last week no longer will work for the state come Monday morning. About 600,000 Indiana residents receive food stamps.

Losing state case workers emerged as a huge problem in the Texas privatization. FSSA has tried to head off that problem by guaranteeing the state workers jobs with its private partner, a step Texas did not take.

Zach Main, director of FSSA's Division of Family Resources, said his agency has learned from Texas' mistakes and won't repeat them. Most importantly, he said, Indiana's outsourcing involves only collecting the documents needed to verify a client's eligibility for welfare programs. The Texas program also called for installing a new computer system and major program changes.

"In our analysis, Texas took too big a bite of the apple. They were attempting to change too many parts of the system at one time," Main said in a prepared statement.

However, a union representative for the affected FSSA workers said Indiana risks making a similar mistake as Texas by cutting loose too many state merit employees.

Dave Warrick, executive director of Council 62 of the American Federation of State, County and Municipal Employees, also said that many departing FSSA employees have little confidence that the new system will adequately take of clients.

"They don't see how the structure that they're creating is going to work," Warrick said. "There's a lot of worry."

Under the new system, the IBM coalition will collect rent receipts, medical records and other data and make recommendations to state workers on the benefits a welfare client should receive. The state will roll out the new system in a 12-county region surrounding the city of Marion beginning Sept. 10.

Warrick expects a high turnover rate among the workers leaving FSSA to join ACS, which also employed Roob as a vice president before he became FSSA secretary. In the past, the turnover among state case workers has been as high as 35 percent, although worker rolls have been much more stable in recent years, he said. Many FSSA employees felt they had no choice but to take the ACS jobs - for now.

"It's not the same job they were doing," Warrick said. "I know of case workers who are taking what is offered right now with ACS, but they are out there looking because they are not happy with what has happened with their jobs."

Celia Hagert of the Austin, Texas-based Center for Public Policy Priorities said FSSA cannot guarantee its former case workers will remain in the system and available to be rehired by the state if need be, as Main is counting on.

"You just can't plan for what your work force is going to do," Hagert said.

On the Net:

FSSA Eligibility Modernization site: www.in.gov/fssa/transformations/edp/edp



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