

Pay to Prey

Governors Facilitate the Predatory Outsourcing of America's Public Services



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INTRODUCTION

Maggots, drug smuggling, sex with inmates. As if the news were not already bad enough, shocking new allegations of a murder-for-hire plot are emerging from Michigan as the media digs deeper into that state's failed outsourcing of prison services.

In 2013, Governor Rick Snyder invited the Philadelphia-based for-profit company Aramark to take over food services in the state's prisons. The action was a 180-degree change in course, as the administration previously rejected all such bids on the grounds that none of the proposals would save the state money. The \$570,000 Aramark spent on lobbying surely helped the company persuade the administration to change its mind.

Since Aramark took over Michigan's \$145 million food service contract – eviscerating the stable middle class jobs of some 370 public workers – one stomach churning scandal followed another. The state fined Aramark \$98,000 in March for food shortages, “unauthorized menu substitutions” and sexual relations between kitchen workers and inmates, and another \$200,000 in August after problems persisted.

All the while, the Snyder administration has stood behind the company and the state prison director secretly waived the \$98,000 fine soon after it was imposed. Perhaps Snyder will reconsider this position given new allegations that an Aramark worker has asked a prisoner to assist him with the murder of another inmate.

While Aramark's failed outsourcing of prison food services is a dramatic example of the harms that can arise from the America's public services and assets, this report, *Pay to Prey: Governors Facilitate the Predatory Outsourcing of America's Public Services*, contains many other cases of outsourcing run amok generating worse outcomes for the public, often higher costs, lawsuits and scorching headlines.

While large corporations are the winners in this scenario, all too often taxpayers are the losers when transparency, accountability and the public interest are sold out to for-profit firms.

EXECUTIVE SUMMARY

Outsourcing of public services is a big business. Some experts estimate that \$1 trillion out of the \$6 trillion the federal government, together with state and local governments, spend annually are handed over to private contractors.¹

In 2010, an electoral landslide ushered in a new breed of governors. Aided and abetted by corporate-funded legislative and lobbying groups, such as the American Legislative Exchange Counsel (ALEC), these governors pushed the envelope of outsourcing and privatization, selling public services to for-profit firms with their powerful political lobbies and related campaign contributions.

In this process, transparency and accountability are lost and the public loses its ability to influence decision makers through normal democratic channels. Shared prosperity also suffers when good middle class jobs are lost to low-road, low-wage employers.

In states across the country, schools, health care, prisons, prison food, water services, road services, state liquor sales, state economic development authorities, legal services, and even child support services were outsourced to private, for-profit companies. While the governors spoke of tight budgets and cost savings, a pattern emerged of influential corporate lobbyists and deep-pocketed campaign contributors.

In this effort to shrink government and sell off the prosperous parts to private interests, the winners are large corporations with a phalanx of lobbyists and campaign coffers big enough to buy political influence. All too often, taxpayers find themselves on the losing side.

While there are countless examples of privatizations gone awry costing taxpayers more money, few independent studies have been conducted on the true costs of outsourcing. Do reduced labor costs save taxpayers money or do any savings line the pockets of CEOs and shareholders? One survey of local officials by the International City/County

Management Association showed that 52% of governments that brought services back in-house reported that the primary reason was insufficient cost savings.

As this report goes to print, Indiana's groundbreaking sale of the Indiana Toll Road to a foreign conglomerate is ending in outright bankruptcy and uncertainty for drivers; Governor Bobby Jindal's former health secretary is indicted for lying about his role in the awarding of a \$200-million Medicaid contract, while his controversial privatization of public hospitals is being rolled back by the federal government; and a Florida newspaper reports that just months after the health care services in state prison were outsourced, inmate deaths spiked to a ten-year high.

This report – *Pay to Prey: Governors Facilitate the Predatory Outsourcing of America's Public Services* – highlights examples from Florida, Kansas, Michigan, Ohio, Pennsylvania, Maine, and Wisconsin where governors have sold the public interest to private firms.

- **FLORIDA:** When Florida Governor Rick Scott took office in 2011, he promised sweeping changes in prisons, health care and education. During his tenure, he went on to privatize state health care services for prisoners resulting in a significant increase in inmate death. His privatization of Medicaid services benefited the bottom line of private HMOs, who spent \$2.54 million lobbying, while shortchanging the most needy. He also signed bills into law requiring every high school student to take online classes, aiding private firms Pearson, K12 Inc., Connections Academy, and Kaplan, which have spent \$2.357 million on lobbying in the state.
- **KANSAS:** After his inauguration in 2011, Kansas Governor Sam Brownback immediately began to slash core government services and privatize the rest. In the words of one critic, he used citizens as “crash test dummies.” Among other things, he outsourced child support services to YoungWilliams, whose CEO

is a campaign donor. Brownback's austerity politics resulted in the state being downgraded by S&P in August 2014, and have caused a mutiny among fellow party-members.

- MICHIGAN: With Republicans in firm control of both houses of the legislature, Michigan Governor Rick Snyder has advanced an extreme privatization agenda. When private contractor Aramark took over prison food services in the state, one scandal followed another: from maggots and food poisoning to sexual encounters and murder for hire. Bills introduced by ALEC legislators have resulted in the number of online K12 Inc. schools skyrocketing, despite the fact that these schools fail to educate children as well as public brick-and-mortar schools. But Snyder remains firm in his support.
- OHIO: Governor John Kasich has also pursued an extreme privatization agenda, using state liquor sales to create a privatized economic development agency. Taxpayers are losing out on hundreds of millions in revenue each year, but the private agency is producing few jobs. He has also pushed prison privatization, creating Ohio's first private prison and serving up more maggots with prison food contractor Aramark. Further privatization of public schools is also on the menu in Ohio, where Kasich campaign contributor White Hat is busy evading open records and accountability and transforming public money into private assets in a controversial case before the state's Supreme Court.
- PENNSYLVANIA: Despite a promise to make school funding a top priority, Governor Tom Corbett cut education funding by close to \$1 billion during his tenure and expanded charter schools run by private companies. In his attempts to uphold a repressive voter ID law – later declared unconstitutional – he paid millions to outside law firms last year that were also some of his biggest campaign donors. Other big spenders in his 2010 campaign were Wal-Mart and local gas station chain Sheetz, two companies that stand to benefit from the governor's planned privatization of liquor stores.
- MAINE: Maine Governor Paul LePage has repeatedly vetoed bills that would expand Medicaid coverage for low-income Mainers, referring to the expansion as “ruthless.” However, his efforts to prop up his agenda with research showing the cost-efficiency of privatization backfired. LePage awarded consultancy firm Alexander Group a \$1 million no-bid contract for reports on Medicaid outsourcing. When one report turned out to be full of erroneous data and plagiarized passages, there was no getting the \$474,760 already spent back. LePage also continues to facilitate efforts by Nestlé/Poland Spring water, which has spent more than \$100,000 lobbying the legislature in this small state, to pump precious public water for private gain.
- WISCONSIN: Since being elected to office in 2011, Scott Walker has waged a campaign against most things public. He has done so by privatizing the state's economic development functions, generating grants for donors but few jobs. According to one report, Walker donors ended up getting 60 percent of the funding even though they only made up 30 percent of the recipients. Privatization behemoth Maximus Inc., whose track record in other states has been described as a “disaster” for families and kids, was awarded a new \$21 million contract for foster care, even after previous contract failures in the state.

OUTSOURCING AMERICA: FLORIDA

Inmates Die in Doves After Governor Scott Outsources Prison Healthcare

Suffering from lung cancer? Here's a Tylenol and some warm compresses.² Are your intestines escaping? Not to worry; here's some K-Y Jelly to shove them back in.³

Between 2008 and 2013, Corizon Health – the country's largest prison health care provider – was sued 660 times for malpractice.⁴ But Governor Rick Scott's administration failed to take note of this history when it awarded Corizon a \$1.2 billion contract in 2011.

Now an investigation by *The Palm Beach Post* reveals that Florida inmates have been dying in droves since the state privatized prison health care.⁵

In January 2014, three months after the privatization was fully implemented, the number of inmates who died “shot to a 10-year high,” says the *Post*. In the past ten years, there were only ten months in which 30 or more inmates died. So far this year, the death count has “topped 30 a total of four times in just seven months.” This is a dramatic increase from 12.5 percent to 57 percent. The investigation also found that the number of referrals for outside hospital care is down by 47 percent compared to 2012.

How did this happen? In his 2010 gubernatorial campaign, candidate Scott promised to cut prison funding by \$1 billion. “Privatization isn't necessary for us to achieve that goal, but nothing is off the table,” Scott's spokesperson Brian Burgess said.⁶ True enough, the Florida Corrections Department soon sent out a request for proposal for prison health care services. Underbidding the competitors, Corizon argued that it could provide the current quality of care, but for seven percent less.

As the privatization process moved forward, 1,890 state employees received a dismissal letter reading, in part, “Due to the outsourcing of this function, your position will be deleted.”⁷ As far as Corizon was concerned, there were



Florida Gov. Rick Scott

some snags along the way. But \$415,000 spent on lobbying the state legislature between 2011 and 2013 might have gone some way toward ironing them out.⁸

In December 2012, the contract was blocked by a judge after three unions – AFSCME, the Federation of Physicians and Dentists, and the Alliance of Healthcare and Professional Employees – filed a lawsuit. In its ruling, the court writes that the Corrections Department broke the law when it approved the transfer of \$57.6 million – money earmarked for salaries to state employees – to Corizon.⁹

Six months later, the contract was revived when an appellate court over turned the decision noting: “The LBC [Legislative Budget Commission] simply moved funds from different line items within the Department of Health Service's Program.”¹⁰

In the midst of the court challenges last year, Governor Scott struck a no-nonsense pose: “If we can provide a great

service at a better price, the we ought to do that.”¹¹ But as David Fathi, director of the ACLU National Prison Project, pointed out in a prescient warning, sometimes privatization can be lethal:

“Unlike governments, private companies exist first and foremost to generate profits [...] If they say they can do it more cheaply than government, it’s because they’re cutting something. When you combine the profit motive with limited oversight and a uniquely powerless population, you get bad and sometimes lethal results.”¹²

Scott Pushes Expansion of Cyber Schools and Online Testing

Virtual classrooms provided by for-profit companies have always been high on Governor Scott’s agenda. In his 2010 school manifesto “New Education for a New Economy,” the gubernatorial hopeful envisioned a brave new world where “the programmatic classroom” was replaced with the “programmatic expansion of virtual schooling.”¹³

In June, he signed House Bill 7191¹⁴ into law.¹⁵ Sponsored by Sen. Anitere Flores, who is a member of the ALEC Edu-

cation Task Force, and ALEC conference attendee Rep. Kelli Stargel,¹⁶ the bill echoed ALEC educational priorities and the needs of ALEC corporate funders such as K12 Inc.

The bill included a massive expansion of virtual schooling: “at least one of the 10 courses required ... must be completed through online learning.” Plus, all end-of-course tests in Florida will be given online and school districts will be permitted to issue adjunct teaching certificates to anyone, creating a class of less highly trained and highly paid teachers for use in cyber schools than in brick and mortar schools.

The winners were, of course, the virtual school companies. Today, K12 Inc. boasts that more students are taking online courses in Florida than in any other state.¹⁷ In 1998, there were 13 virtual schools; today there are 411.¹⁸ But the victory did not come out of nowhere; it had been long in the making. In addition to bankrolling Republican candidates,¹⁹ and wining and dining Florida politicians at ALEC policy summits,²⁰ the biggest virtual school power players have also spent more than \$2.3 million directly lobbying the legislature, as the Center for Media and Democracy’s (CMD) chart below illustrates.

For-Profit Education Lobbying in Florida²¹

	2009	2010	2011	2012	2013	2014 (Jan to June)	Sum Total
Pearson Inc.	\$140,00	\$180,000	\$180,000	\$137,000	\$100,000	\$50,000	\$787,000
K12 Inc.			\$75,000	\$40,000	\$65,000		\$180,000
Connections Academy	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$30,000	\$330,000
Calvert Education		\$80,000	\$25,000	\$5,000	\$10,000		\$120,000
Kaplan	\$160,000	\$80,000	\$50,000	\$20,000	\$25,000	\$10,000	\$345,000
McGraw-Hill		\$60,000	\$60,000	\$60,000	\$30,000	\$30,000	\$240,000
Academica	\$40,000	\$70,000	\$75,000	\$70,000	\$70,000	\$30,000	\$355,000
							\$2,357,000

Florida is the only state in the nation in which every student must take online classes, and it is hailed as a “model” by K12 Inc.

Unfortunately, a victory for the virtual school companies does not translate to a victory for students. While K12 Inc. touts its “exceptional education,” it received failing grades from the Florida Department of Education this year. Both its own schools, and public virtual schools paying to license the K12 Inc. curriculum, are failing to educate children, receiving a report card packed with D’s and F’s that would be unacceptable to any parent.

As for Pearson, the company has spent \$787,000 on lobbying the Florida Legislature over the past five years, and the investment paid off. Not only was Pearson awarded a lucrative contract to sell courses and technology developed by the state, but it also administers all state K-12 testing.

In April 2014, the Pearson servers crashed during high-stakes testing, throwing students in 26 school districts into disarray. And it was not the first time Pearson failed to deliver in Florida; in 2000 it was fined \$4 million, and in 2010 a further \$14.7 million. But the state has apparently not learned any lessons regarding the hazards of for-profit education

State Grades for Florida K12 Inc. Cyber Schools²²

School	Provider	Grade 2014
Florida Virtual Academy at Duval	K12 Inc.	C
Florida Virtual Academy at Osceola	K12 Inc.	F
Florida Virtual Academy at Palm Beach	K12 Inc.	D
Florida Virtual Academy at Pasco	K12 Inc.	D
Florida Virtual Academy at Broward	K12 Inc.	D
Clay Virtual Academy	K12 Inc.	I
OCVS Digital Academy	K12 Inc.	F
Mosaic Digital Academy	K12 Inc.	F
Lake Virtual Instruction Program	District + K12 Inc.	F
Lee County Virtual Instruction Program	District + K12 Inc.	D
Pasco Virtual Instruction Program	District + K12 Inc.	C
Duval Virtual Instruction Program	District + K12 Inc.	F
Lake Virtual Instruction Program	District + K12 Inc.	F

Scott Pursues a Family Friendly Approach to Privatization

In his 2011 inaugural address, Florida Governor Rick Scott announced that he would be taking a fresh look at health care. “Why should we cling to models created in another century?”²³

Since Scott’s gubernatorial campaign was largely self-financed (he paid some \$60 million out of pocket), he understandably preferred a “fresh look” to public scrutiny of the money he had made in another century as CEO of Columbia/HCA – the health care behemoth that pleaded guilty to what was described by the U.S. Department of Justice as “the largest health care fraud case in history,” resulting in a \$1.7 billion fine.²⁴

As part of his new deal on health care, Scott soon signed an executive order for mandatory drug tests of all state employees every three months (with random tests thrown in for good measure).²⁵ At the same time, a bill enjoying Scott’s support was introduced in the Senate. It called for drug screenings of everyone applying for benefits – paid for by the applicants themselves.²⁶

One of the companies that stood to reap the most benefits from the new legislation was Solantic, a chain of walk-in clinics offering drug tests that Scott had co-founded back in 2001.²⁷ Scott attempted to calm the furor by reassuring the public that he had transferred his \$62 million worth of Solantic shares to a fund managed by his wife a few days before he took office.²⁸ He was no longer “involved in that company,” Scott claimed.²⁹ The media, however, begged to

differ, and in April 2011 his wife bowed to public pressure, selling her majority share to a private equity firm.

The Solantic episode was not the first or last time that the governor was accused of using his position to advance policies that turned a profit for private firms and investors, including potentially the Scott family itself. Aided by Florida’s loose state ethics laws, Governor Scott would soon unleash a sweeping “fresh look” on the management of traditional nonprofit hospitals.

In 2013, Scott expanded a five-county Medicaid privatization pilot program launched by his predecessor, Jeb Bush, into a statewide program. According to current estimates, the plan will enroll three million residents (most of them children) by the end of 2014.³⁰

Under the program, the state of Florida pays insurance companies a set fee, with the provision that they spend 85 percent on patient care and expand the network of eligible doctors and hospitals. While proponents claim that the system will dramatically expand access to health care,³¹ the pilot program tells a different story. In 2009, 25 percent of the participating doctors had dropped out of Jeb Bush’s pilot program, saying that they were unable to provide necessary treatment to patients.³²

Fourteen insurance companies have signed five-year contracts to implement the state plan,³³ with Sunshine Health (a subsidiary of Centene Corporation) and Staywell (WellCare) getting the biggest slice. Prior to being awarded the lucrative contracts, the contract winners lobbied heavily in Florida (and WellCare and Centene ramped up the spending significantly in 2013) as this chart shows.

Healthcare Lobbying In Florida³⁴

	2009	2010	2011	2012	2013	2014 (Jan-June)	Sum total
Staywell / WellCare	\$250,000	\$300,000	\$345,000	\$200,000	\$280,000	\$80,000	\$1,455,000
Sunshine / Centene	\$60,000	\$60,000	\$50,000	\$35,000	\$245,000	\$155,000	\$605,000
Prestige	\$110,000	\$100,000	\$80,000	\$70,000	\$80,000	\$40,000	\$480,000
							\$2,540,000

From January 2011 to October 2014, WellCare shares have almost doubled,³⁵ while Centene has seen a whopping 224 percent rise³⁶ – both significantly outperforming the Dow Jones Industrial Average, which roes by 46 percent during the same period.³⁷ In a May 2014 investment recommendation, *Forbes* looked at companies capitalizing on “the trend toward privatizing government managed healthcare,” recommending Centene as an “acquisition target.”

Ever on the cutting edge, Florida’s First Lady Ann Scott had invested tens of millions³⁸ of the money her husband gave her after the Soltanic affair into a blind trust managed by a private equity company – a company whose portfolio primarily consists of “consumer-driven healthcare services and products.”³⁹ Blind trusts are supposed to shield the in-

vestor from knowledge of the investments and thus prevent conflicts-of-interest, yet newspaper reports indicate that the fund is managed by one of Scott’s old business associates.⁴⁰

How much Scott stands to profit personally by this “fresh look” at Medicaid – including a private fortune invested in “healthcare services” – is anyone’s guess and the blind trust, once approved by the state ethics commission, is now being challenged in court. One thing seems certain, though: patients might not receive a fresh look as much as a cursory glance. In one study of the Florida pilot program, as many as two-thirds of the doctors stated that their patients did not receive critical services.⁴¹

OUTSOURCING AMERICA: KANSAS

Governor Brownback Outsources Child Support Services to Donor

When he was elected in 2010, Kansas Governor Sam Brownback began to slash core government services and privatize the rest. His austerity politics resulted in the state being downgraded by S&P in August 2014, and his privatization initiatives have also drawn criticism, causing one leading Republican to state, “I had hoped that it wouldn’t be as extreme as it’s been ... what we didn’t know was that Sam would use this state as crash test dummies for his own fiscal experiments.”⁴²

Kids receiving child support payments from absent parents would be among Brownback’s first crash test dummies. While Kansas partially outsourced the enforcement of child support to private corporations and law firms in 1997, the private players were only awarded around 20 percent of the contracts; the rest went to public state agencies.⁴³ In March 2013, however, the Kansas Department of Children and Families (DCF) announced that all child support services would be outsourced, and a request for proposal was issued. Not limited to enforcement, the contracts would include services connected to court petitioning, locating parents, and establishing paternity, which had never been in private hands before.⁴⁴

“Collection is a function that can be carried out more efficiently and more cost-effectively by private companies,” DCF secretary Phyllis Gilmore said at a press conference.⁴⁵ Similar blanket statements, seldom backed by empirical evidence, are often echoed by privatization proponents, regardless of which public services they want to outsource. In this particular case, there is little evidence to support Gilmore’s sound bite. A 2013 report on the privatization of child support services commissioned by the Mississippi Legislature, for example, concluded that “the significant additional cost of privatization would outweigh the potential additional benefits.”⁴⁶

Child support is indispensable for hundreds of thousands



Kansas Gov. Sam Brownback

of vulnerable Kansans, mostly single women and children. Nationally child support “represents 40 percent of family income for poor families who receive it, and reduces the poverty rate for children in these families by nearly 25 percent.”⁴⁷

In June 2013, DCF announced that four firms had been awarded contracts.⁴⁸ The winner among the winners was YoungWilliams – a nationwide company based in Mississippi – that received two-thirds of the caseloads or 85,000 child support cases, worth some \$50 million.⁴⁹ While YoungWilliams boasted that it landed the contract because of its “innovative service delivery structure,”⁵⁰ there might be more to it than that.

Rob Wells, CEO of YoungWilliams, met Brownback at a fundraiser for the gubernatorial hopeful in 2010. He and his wife went on to donate \$2,000 each to Brownback’s campaign⁵¹ – the largest contribution allowed under state financing laws. But this pales in comparison to the \$67,500

retainer he paid for GOP lobbyist Austin Barbour's services. Through his lobbyist network, Barbour arranged for a private meeting with Brownback's chief-of-staff David Kensingler (currently under FBI investigation for illegal lobbying)⁵² and some of the governor's closest aides.

The parties met to discuss child service privatization in the conference room of what used to be the State Treasurer's Vault of the Kansas Statehouse,⁵³ far from the public spotlight.

A few weeks later, the Brownback administration appointed Trisha Thomas from YoungWilliams as director of child support enforcement after firing her predecessor. It didn't take long for the new director to conclude that "privatization was the quickest way to improve Kansas' child support enforcement performance numbers."⁵⁴

Asked whether there was any research in support of Thomas' project of wholesale privatization, a DCF spokesperson said, "No ... It was an informal kind of pitch, I guess; research done, based on her ... experience in other markets."

It is too early yet to say what YoungWilliams will do with Kansas child support enforcement, but if history is any guide, outsourcing vital public services for vulnerable populations to companies that must turn a profit frequently leads to higher costs to taxpayers and worse services for the public.

Between 1995 and 2000, privatization behemoth Maximus was in charge of child support enforcement in two Tennessee counties. A report concluded that the company "spent more but collected less money for overdue child support payments in [these] counties, on average, than DHS did in the rest of the state." Sen. Hob Bryan (D-MS) characterized a similar situation simply as "a disaster" for Mississippi families and their kids.⁵⁵

Brownback Slashes Medicaid for the Poor to Finance Tax Cuts for the Rich

In his gubernatorial campaign, Sam Brownback had been dismissive of the Affordable Care Act and its provisions to expand Medicaid to cover more Kansans, claiming that the

state would incur around \$200 million in extra costs, which would "threaten funding for all other state priorities."⁵⁶

There is no secret as to where the sympathies of powerful HMOs and the Kansas health care industry lay; despite the tight contribution limits in the state,⁵⁷ PACs and individuals affiliated with the health care industry contributed \$344,759⁵⁸ to his campaign, giving less than a tenth of that, or \$32,509,⁵⁹ to his Democratic opponent Tom Holland.

In March 2011, he commissioned his lieutenant governor, plastic surgeon Jeff Colyer, to "remake" the Kansas Medicaid system.⁶⁰ Colyer was asked to wield his scalpel and slash Medicaid funding by up to \$400 million. By selling out Medicaid, Brownback hoped to save \$1 billion over five years and pave the way for other governors to do the same. At the same time, he gave away \$1.1 billion in tax cuts aimed primarily at big businesses and the rich, a move that the even *The Wall Street Journal* recently criticized as a "warning" for other governors rather than a "beacon."⁶¹

While officials claimed that "all options were on the table" in fact privatization was the primary means of coping with the cuts. When Brownback rolled out "KanCare" in November 2011, the wholesale privatization of Medicaid services was underway. The health care of 360,000 low-income Kansans would be "managed" by three for-profit companies. Kansas issued a Request for Proposal (RFP), and a dozen companies soon expressed interest in the contracts worth some \$2.8 billion.⁶²

Advocates for the developmentally disabled argued that for-profit insurance companies lack experience in providing long-term support, and wanted to opt out.⁶³ Senior support groups shared the concern. At a public meeting, a woman said matter-of-factly that she didn't see why the managed care companies wouldn't want to "screw everyone."⁶⁴

Most Kansans shared her concern. In an informal poll conducted by *The Wichita Eagle*, 61 percent of the readers agreed that "private companies will put profits first, and that means that care will suffer."⁶⁵

In June 2012, it was announced that Amerigroup, United HealthCare, and Sunflower State Health Plan (a subsidiary

of Centene) – all out-of-state Fortune 500 companies – had been awarded the lucrative contracts.⁶⁶ When KanCare went live in January 2013, Finn Bullers, a former reporter for *The Kansas City Star*, illustrated the painful costs with the following letter to the newspaper:

High fives all around for \$1 billion in taxpayer savings, the media reports. Meanwhile, I, and I suspect other Kansas Medicare/Medicaid recipients in my situation, have fallen through the cracks. As of midnight Dec. 31, I was dropped from my healthcare service and have no one to provide my basic care needs — bathing, dressing, toileting and eating. As a person with muscular dystrophy, type-1 diabetes and is dependent on a ventilator to breathe — 24-hour nursing, as provided under the Affordable Care Act, is critical.⁶⁷

Corroborating Buller’s account, Kansas Insurance Commissioner Sandy Praeger admitted to the *New York Times* that many of “the poorest of the poor” would “fall into a gap in which no assistance is available.”⁶⁸ The only way for the three companies to post a profit big enough to please the shareholders has been to cut services significantly, especially for people with physical disabilities⁶⁹ and those requiring around-the-clock care, such as Buller.⁷⁰

While victims of the cuts like Finn Buller said they needed the assistance to eat and even breathe, Angela de Rocha with the Kansas Department of Aging and Disability Services had a different perspective, and offered up a bizarre analogy in an interview with *The Pitch*.

“It is, she said, as if she had been dishing out cars to people every year and then suddenly stopped. “Your natural response to that is going to be, ‘Why is she being so mean to me’ ... That’s just human nature ... People get used to it. They think that’s what you need.”⁷¹

As if the privatization of Medicaid to finance unprecedented tax cuts was not enough, some of Brownback’s closest confidants are currently under FBI investigation. In the revolving-door politics of Kansas, senior staff members move seamlessly between politics and corporate lobbying. What the federal investigators are keen to know is whether the Brownback administration has applied illegal pressure to land lucrative lobbying contracts for former aides.

Is it a mere coincidence that three of his closest confidants, including former chief of staff David Kensinger, are registered lobbyists for United HealthCare and Sunflower – two of the firms awarded the KanCare contracts?⁷² Brownback says yes, and denies any wrongdoing. The allegations are, he argues, all part of a smear campaign by his political opponents.⁷³

OUTSOURCING AMERICA: MICHIGAN

Governor Snyder Stands Behind Prison Privatization, Even After Murder for Hire and Maggots on the Plate

Ideological slogans often trump facts when it comes to the outsourcing of public services. When independent studies are commissioned, the conclusions are often disregarded. In some cases, however, there seems to be solid research supporting the cost-efficiency of privatization. Such was the case in Michigan – at least at first glance.

In April 2013, Simon Hakim and Erwin Blackstone – two Temple University professors – published a paper based on their study, “Cost Analysis of Public and Contractor-Operated Prisons.”⁷⁴ The results were staggering. Not only would private (or “contractor operated”) prisons generate savings of up to 58 percent, but they would also help alleviate overcrowding “without sacrificing the quality of the services.”⁷⁵

In their fervor to spread the gospel, the authors also churned out op-eds for Michigan newspapers, such as the *Detroit Free Press*,⁷⁶ calling for prison privatization.⁷⁷

The fact that Michigan was targeted was no coincidence, since the privatization of state prisons has been on the agenda for some years. In 2012, for example, Sen. Jon Bumstead (R) introduced House Bill 5174,⁷⁸ which would have re-opened the North Lake Correctional Facility – a youth prison that was previously owned by the private GEO Group, but was forced to close due to high operating costs and widespread abuse of prisoners.⁷⁹ The following year, GEO spent \$134,200 on lobbying the legislature in hopes of a new contract.⁸⁰

When Bumstead’s bill died in the House, the prison privatization proponents regrouped and rolled out a different strategy. If the time was not ready for wholesale outsourcing, perhaps custodial and food services could be privatized?



Michigan Gov. Rick Snyder

In May 2013, the Snyder administration announced that Philadelphia-based Aramark Corporation would take over food services in the state prisons. This was a 180-degree turn, as the administration had previously rejected all bids it had received to its RFP, including the Aramark one, on the grounds that none of the proposals would save the state money.⁸¹

But perhaps the \$570,000 Aramark spent on lobbying in the years leading up to the decision,⁸² or the research touting prison privatization as a panacea, had something to do with it. In any case, officials with the state Department of Corrections shrugged the earlier decision off as a mistake. Comparisons between private and public sector costs, they said, were not “apples to apples.”

Around 370 good paying state jobs were at risk, the newspapers reported, when Aramark took over food services. Job loss was not the only risk. In 2009, the poor quality food and the meager portion sizes Aramark served at the

Northpoint Training Center in Burgin, Kentucky, caused a riot. “It’s over the food,” a corrections officer told the committee investigating the incident. “The food was slop.”⁸³

With the CEO of Aramark, Eric J. Foss, making \$18 million a year,⁸⁴ there have to be savings somewhere.

The warning signs from Aramark’s track record were there, but the Snyder administration paid little attention. Aramark took over food services in December 2013.

After seven months, the company has amassed an impressive rap sheet: In June 2014, 30 prisoners came down with severe food poisoning as maggots and larvae were discovered in the food.⁸⁵ 74 workers⁸⁶ were banned for offenses ranging from having sex with inmates⁸⁷ to smuggling contraband.

The state fined Aramark \$98,000⁸⁸ in March for food shortages, “unauthorized menu substitutions,” and sexual relations between kitchen workers and inmates, and another \$200,000⁸⁹ in August after problems persisted.

All the while, the Snyder administration has stood behind the company and the state prison director quietly waived the \$98,000 fine soon after it was imposed. Perhaps Snyder will reconsider this position given shocking new allegations that an Aramark worker has asked a prisoner to assist him with a murder-for-hire plot.⁹⁰

“Obviously it hasn’t gone as smoothly as we want ... I trust that it’s going to get better,” said Rep. Joe Haveman (R).⁹¹ After all, independent research supports the idea that prison privatization will lead to significant savings, at least in the long run, right?

Not so fast. Doubting the rosy figures in Hakim and Blackstone’s report, Alex Friedmann, an ex-inmate turned activist, demanded to know where the funding came from.⁹² It turned out that they had received a grant from “the private corrections industry.” “It’s kind of like the tobacco industry funding the Tobacco Institute, which says smoking is just fine for you,” Friedmann said.⁹³

In fact, Corrections Corporation of America and the GEO Group – two for-profit corporations motivated to advance

prison privatization in the state and across the country – funded the research. It seems that the 2013 Michigan campaign took a two-pronged approach: By encouraging respected academics to write op-eds, and spending \$134,000 on lobbying in the state, GEO hoped to get a new slice of the market.

It is unlikely that we will see more Michigan prisons in private hands soon, but the lobbying has worked wonders. Officials and lawmakers, educated by \$570,000 from Aramark, turned a blind eye to the company’s abysmal track record. They even discounted the company’s own savings projections of less than 10 percent – not as being exaggerated, but as being too conservative. Instead, they argued that the state would save 20 percent or about \$16 million,⁹⁴ with little evidence to back up their claims.

With ALEC Air Cover, Failing Cyber Schools Are on the March

Even though national data⁹⁵ shows that large cyber schools are failing to educate children in almost every state, they are expanding with the help of the usual suspects in Michigan: ALEC politicians and private for-profit education companies.

In 2009, Sen. Wayne Kuipers introduced a bill to amend the Michigan public school code.⁹⁶ A longtime ALEC member, Kuipers had previously used taxpayers’ money to pay his membership dues.⁹⁷ And now he was intent on pushing the ALEC school agenda in one fell swoop. The bill would allow the state to impose a sort of martial law on “failing” public schools by suspending seniority systems and union work rules, or by outsourcing management to private school management companies and converting the school to a charter.⁹⁸ In the end, a diluted version of the bill – introducing performance-based pay for teachers, and allowing for 10 “failed” schools to be converted – passed in the House and Senate and was signed into law by Governor Jennifer Granholm. The final bill also mandated the creation of two virtual charter schools, also known as cybers.

Cyber charter schools are a multi-billion dollar industry in the United States.⁹⁹ While the schools themselves often (as in the case of Michigan) are structured as nonprofits and

receive public funding, private corporations such as K12 Inc. license the educational software and curricula.

The public school districts pay the cyber schools only a fraction less per pupil than they do for children in brick-and-mortar schools, despite the fact that there are far fewer teachers and no physical school building. Add to this the fact that cybers pocket the money even when children drop out, which happens with alarming frequency,¹⁰⁰ and it is no wonder that this is a lucrative market.

As far as the virtual charter school operators were concerned, the two-school cap was woefully inadequate. To expand its presence and increase revenues, K12 Inc. spent close to \$180,000 between 2009 and 2013 in lobbying the legislature to enact laws that would lift the cap. Charter school operator Leona Group spent \$110,150 lobbying during the same period, while the statewide lobby group Michigan Council of Charter School Authorizers spent \$140,000 to open up the market.¹⁰¹

It soon became apparent that the two virtual schools created after the 2009 bill and operated by K12 Inc. were failing the “at risk” student population they were meant to serve. An attempt by Michigan Virtual Charter Academy to cherry-pick students for the state exam by telling 20 percent of them not to attend backfired,¹⁰² and the school did not meet Adequate Yearly Progress in 2010–2011. In 2013, only one in four of the students in grade three to eight were proficient in reading.¹⁰³ At Great Lakes Virtual, the math and reading scores were even lower.¹⁰⁴

Data, however, have never been a deterrent for card-carrying ALEC lawmakers. Neither has the fact that at-risk students might need more time with the teacher rather than less.

In April 2011, Governor Snyder called for the lifting of the cap on cyber schools in a special education address. In September 2011, Patrick Colbeck (R) introduced Senate Bill 619, designed to remove the cap on cyber schools entirely.¹⁰⁵ A couple of months earlier, Colbeck had extolled the virtues of corporate influence in state politics. At a meeting with the Koch-founded group Americans for Prosperity, he recounted how some Michigan lawmakers had wavered in their support for union-busting Right to Work legislation (which was cribbed word-for-word from an ALEC “model” bill).¹⁰⁶ Fortunately, however, Amway billionaire Dick DeVos, who has used his fortune to bankroll a radical school privatization agenda, stepped in and provided “air cover ... [and] financial contributions,”¹⁰⁷ said Colbeck, and the bill passed.

The charter school bill, on the other hand, proved too radical even for some of his fellow party members. Despite the fact that Republicans control the legislature (with a two-to-one ratio in the senate), Colbeck did not succeed in lifting the cap entirely. But the version of the bill that passed did provide for a massive increase in the number of virtual cyber schools: from two schools to 15 to 30 schools enrolling two percent of the state’s public school students.¹⁰⁸

In written testimony opposing Senate Bill 619, the president of the Michigan Teachers’ Union pointed out something odd. Independent research seems to have no influence whatsoever when it comes to virtual school legislation:

“Those making policy should be clear on this key point: there exists no evidence from research that full-time virtual schooling at the K-12 level is an adequate replacement for traditional face-to-face teaching and learning. Yet to date, this lack of support appears to have exerted little or no influence on the proliferation of virtual K-12 schools.”¹⁰⁹

OUTSOURCING AMERICA: OHIO

Governor Kasich's Privatized Jobs Agency Fails to Generate Jobs

In February 2011, Governor John Kasich signed a bill to create JobsOhio, a private economic development agency that was meant to replace Ohio's Development Services Agency.¹¹⁰ JobsOhio would “work at the speed of business,” making Ohio “flexible” and “competitive” in economic development.

At the time, seven states had outsourced their economic development efforts to some form of private agency, drawing criticism for frequent problems with lack of transparency, misuse of taxpayer funds, and conflicts of interest between businesses, politicians, and the new development organizations.¹¹¹ But in a unique twist, Ohio's new organization would have its own revenue source: liquor sales.

As Kasich put it, “Over the years people drink more. It's just a natural revenue stream.”¹¹²

By January 2012, Kasich arranged a deal through which all liquor taxes collected by the state's monopoly liquor agency would be funneled to JobsOhio for the next 25 years. In return, JobsOhio would pay the state a lump sum of \$1.4 billion, funded by bonds. \$750 million was to pay off state bonds, \$150 million would fund environmental revitalization projects, and the remaining \$500 million would be added to the state's general fund. At the time, JobsOhio was expected to net about \$100 million in operating revenue each year, which would be spent on economic development activities.¹¹³

Even then, Democrats, public policy groups, and even one Republican legislator raised concerns about the state being underpaid for the lease. Liquor revenues amounted to \$228 million in 2010.¹¹⁴ A 2011 report by the Center for Community Solutions, an Ohio public policy think tank, calculated that JobsOhio's net profit on liquor would total \$9.5 billion to \$12.7 billion over 25 years, far more than it paid for the lease.¹¹⁵



Ohio Gov. John Kasich

In February 2013, JobsOhio and the JobsOhio Beverage system purchased from the state a 25-year exclusive franchise for the sale of liquor, taking over the state's public liquor operation. JobsOhio paid the state \$1.42 billion, which it generated by selling \$1.51 billion in bonds backed by the liquor lease.¹¹⁶ According to JobsOhio's 2013 annual report, gross revenues were \$447 million just for the first half of 2013. Plus, with liquor sales increasing around six percent per year, money will continue to stream in.

Hopefully, time will tell if this complicated privatization deal and the loss of the increasing stream of liquor revenue is worth it to the Ohio taxpayer. But given the fact that JobsOhio was designed to be exempt from open records requirements, the cost-benefit analysis might be hard to achieve.

JobsOhio Exempted from Open Records, Open Meetings Laws

When Kasich first announced his plan to create a new jobs organization, he gave assurances that transparency was “really important.”¹¹⁷ But when it was created in 2011, JobsOhio was exempt from Ohio open meetings and public records laws,^{118,119} especially troubling given that it is largely supported by taxes that had previously provided public revenues. Legislation was passed in May 2012 in an effort to include JobsOhio in Ohio’s open records laws,¹²⁰ but the state Supreme Court later dismissed a public records lawsuit by finding that the organization was “specifically exempted” from public records requirements.¹²¹

In March 2013, state auditor David Yost, a Republican, issued a subpoena for the agency’s financial records after questions were raised about \$5.3 million in grants that had not been disclosed.¹²² In response, the Republican-controlled state legislature fast-tracked legislation declaring JobsOhio’s liquor tax revenue to be private money not subject to a state audit,¹²³ which Kasich signed on June 5, 2013.¹²⁴ Yost was eventually able to subpoena some records, issuing an audit report in November 2013 that found JobsOhio had “failed to document thousands of dollars in expenses and neglected for months to have executives and board members sign conflict of interest policies,” according to the *Cincinnati Enquirer*. The report also found that some \$14 million had been spent on expenses like meals and personal charges on credit cards.¹²⁵ Yost noted that it was unclear whether the findings of future audits would even be available to the public.¹²⁶

JobsOhio’s lack of transparency means that it is not clear what JobsOhio is spending its funds on and who is benefiting from the private corporation’s grants, loans and other economic incentives.¹²⁷ The highest-profile deals, such as those with Diebold and American Greetings, have been comprised mainly of tax incentives provided by the state and local governments, raising questions about where JobsOhio’s millions in annual revenues are going.¹²⁸

Some, however, has clearly been earmarked for staff salaries. Even though JobsOhio is a non-profit, seven of its top staff members earned six-figure incomes in 2013, with executive director John Minor pulling in \$231,217 in total

compensation.¹²⁹ For comparison, Ohio’s median household income in 2012 was \$48,246, according to the U.S. Census Bureau.¹³⁰

And Kasich campaign contributors haven’t been left behind. JobsOhio has spent hundreds of thousands on consulting fees with Deloitte and Touche,¹³¹ which gave Kasich’s campaign \$20,000 in 2010.¹³²

Nearly Half of Companies Fail to Reach Jobs Goals

Supporters of JobsOhio have defended its opacity, arguing that business deals need to be kept under wraps to be competitive.¹³³ But JobsOhio’s record on actually creating new jobs is in doubt.

In its first year, 2011, JobsOhio arranged more than \$240 million in incentives for just a few companies, with most of the grants, loans, and tax credits directed toward retaining existing companies or poaching businesses from other states, rather than developing new jobs.¹³⁴ For example, pharmacy service provider Omnicare was given \$8 million in incentives to move to Ohio -- of questionable benefit to the regional economy, given that it was previously based just across the border in Covington, Kentucky. As one Covington city commissioner put it, “They have not created any jobs with this move. They’ve just redistributed jobs from Point A to Point B.”¹³⁵

Kasich and JobsOhio touted “successes” like these at the agency’s board meeting in 2012,¹³⁶ but many of the deals eventually fell through, making headlines in state papers.

It is difficult to determine how successful JobsOhio has been at creating jobs, in part because its own annual reports use vague language and unusual metrics to describe its activities. In particular, it touts job “commitments” by businesses receiving incentives as its key performance metric, rather than actual jobs created. JobsOhio reported 21,099 new jobs “committed” in 2011 and 20,979 in 2012.¹³⁷

But as later audits showed, nearly half of companies failed to follow through on those commitments. When Ohio Attorney General Mike DeWine finally issued an audit report

on the agency in 2011, only 52 percent of companies that had received incentives met their job creation, job retention, and other goals.¹³⁸ Compliance was scarcely better in 2012 (63.5 percent)¹³⁹ or 2013 (54.9 percent).¹⁴⁰

Conflicts of Interest and Sweetheart Deals

JobsOhio is exempt from most state ethics rules.¹⁴¹ At first blush, the incentives package received by Bob Evans Farms in 2011 sounds like just another case of big subsidies paid to maintain the status quo: \$11 million in benefits for moving its headquarters from south Columbus down the street to New Albany.

But it turns out that Bob Evans CEO Steven Davis, whose estimated compensation for 2014 is \$3.1 million,¹⁴² was also appointed to the board of JobsOhio. Davis serves alongside former Ohio State University president E. Gordon Gee on both boards, and Gee has received compensation worth hundreds of thousands from Bob Evans as a director.¹⁴³

Davis and Gee aren't the only JobsOhio officials with potential conflicts of interest. An investigation in 2013 by the Dayton Daily News revealed that six of the nine JobsOhio board members had potential conflicts of interest with companies that had received economic incentives.

James Boland does double duty on the boards of JobsOhio and Sherwin-Williams, which has rewarded him with several million in director fees and stock. The paint company received a \$5.8 million tax credit with JobsOhio's help. Marathon Petroleum, whose CEO is also a JobsOhio board member, got \$78 million in tax credits in 2011.

Not to mention the potential conflicts of interest when tax credits were given to companies in which board members and top officials had investments, including IAC Wauseon, IBM, Johnson Controls, and Ford. An investigation by the Ohio Ethics Commission in 2013 found that a third of top JobsOhio officials had such potential conflicts.¹⁴⁴

Massive tax credits with little accountability, sweetheart deals, and almost total protection from public scrutiny. Is that what Kasich meant by "working at the speed of business"?

White Hat's Magic Trick: Transforming Public Schools into Private Assets

There's a lot of money at stake in Ohio charter schools, which as a group will receive almost \$900 million in 2014. Charters get about \$7,200 per student in taxpayer funding, compared to about \$3,500 per student in traditional public schools.¹⁴⁵

On paper, Ohio's charter schools are operated by non-profit organizations whose governing boards hire management companies to operate the schools. The boards are supposed to have a strong oversight role and have the power to fire charter operators if they don't measure up.

It's a particularly important role, given how poorly many charter schools perform. Since Ohio's experiment in school privatization began, around 29 percent of the charter schools opened in the state have been closed,¹⁴⁶ and according to Ohio Department of Education board member Mike Collins, the state has spent over \$1.4 billion just since 2005 on charters that never scored above a D on their annual report cards.¹⁴⁷

Oversight is impossible without transparency. But when the governing boards at ten Ohio charters run by White Hat Management tried to find out how the company was spending its budget, the company simply refused to provide detailed records, claiming that information about how it was spending taxpayer money was proprietary.

The years-long struggle, which will culminate in a hearing before the Ohio State Supreme Court in September 2014, relates to two questions at the heart of the school privatization controversy: When do public funds become private assets? And how much transparency do private companies owe when they provide public services on the public's dime?

Oversight by a Hand-Picked Board

Ohio's charter schools, which are publicly funded, are supposed to be subject to periodic state audits and held to performance standards by the sponsoring organizations that contract with operators.¹⁴⁸

But governing boards may not be as independent as they ought to be, as a 2014 investigation by the Akron Beacon Journal found. White Hat shares legal representation with the boards of many of the charter schools it has contracts with.¹⁴⁹ And a number of board members have admitted that they were recruited by White Hat, a clear conflict of interest.

In a revealing statement, Maggie Ford, chief academic officer at White Hat, told the *Beacon Journal*, “Sometimes we have one or two people that would like to start a school, and they don’t have enough for an entire board. So they want to, they talk to, other board members or ask us to help recruit board, um, recommend board members.”¹⁵⁰

In effect, the boards at many “nonprofit” charter schools were hand-picked by White Hat, which contracted with those same boards to operate the schools.

But the problems really started when board members at Hope Academies and Life Skills Centers started to examine White Hat’s operations. By 2010, board members at ten schools in Cleveland and Akron were concerned about whether resources were being used effectively at their schools, but the company had provided little information about its spending even to the boards of its schools.¹⁵¹

As board member Lillie Blair explained to the Cleveland Plain Dealer, “The public says, ‘You’re responsible for the money we gave you – what did you do with it?’ And I as a board member have to say I don’t know.”¹⁵²

The boards had essentially agreed to pass over 95 percent of the schools’ budgets to White Hat, which then had sole responsibility for everything from hiring teachers to buying school supplies. In 2010, after White Hat refused to provide any additional details about its budgets, the ten school boards sued.¹⁵³

The lawsuit, Hope Academy Broadway Campus et al. v. White Hat Management, LLC et al., claims that White Hat didn’t meet its contractual obligations because it didn’t provide quarterly un-audited financial disclosures, it didn’t adequately track how various grants were spent, and it “failed to promote the academic success of each school’s students.”¹⁵⁴

When the boards that hired White Hat to manage their schools began demanding financial transparency, White Hat pushed back, insisting that it wasn’t required to provide full quarterly financial reports.¹⁵⁵ When the Ohio House held a hearing about the complaints against White Hat in 2010, the company refused to testify.¹⁵⁶

When the boards made moves not to renew their contracts, White Hat made the startling claim that it owned all assets purchased under its management, despite the fact that they were paid for with taxpayer money.¹⁵⁷

In most business relationships, that might be enough simply to choose not to renew a contract. But when it comes to Ohio charter schools, the boards’ power to terminate charter school contracts is limited by Ohio law, which allows operators to appeal contract decisions to school sponsors or the state board of education. The appeal could result in the board -- not the operator -- being removed.¹⁵⁸

White Hat may even be entitled to keep all assets purchased during the contract, from desks to textbooks to the school buildings -- even if they were bought using taxpayer funding.¹⁵⁹ As the lawsuit states, “if the school terminates the Management Agreement, it must buy all personal property [...] and must exercise the Schools option to lease the School Facility.”¹⁶⁰ In other words, taxpayers could end up paying twice for the same school facilities and equipment.

White Hat’s grip on the school’s property -- from buildings to the trademarked school names -- made it impossible for the charter schools to simply hire a new operator. Like witnesses in an organized crime trial, the charter schools had to change their names and find new locations. They even had trouble recruiting staff, who were afraid of losing their jobs for even speaking to the “new” schools.¹⁶¹

This sleight of hand, which transforms public money into private assets for charter operators, comes from a statute created by H.B. 79, a charter school overhaul bill introduced by State Rep. Thomas Raga and passed in 2007.¹⁶² Raga has served on the advisory board of the right-wing Heartland Institute¹⁶³ and paid membership dues to ALEC in numerous years.¹⁶⁴

The suit asks the court to declare the statute unconstitutional, arguing that it gives operators like White Hat too much control over charter schools.¹⁶⁵

Spending Money to Make Money

Ohio Governor John Kasich received direct contributions totaling \$45,580 from White Hat CEO Brennan and his wife, Ann, in 2010.¹⁶⁶

State campaign finance records show that Rep. Raga also took substantial contributions from charter school interests from 2002-2006, including \$22,500 from Brennan,¹⁶⁷ a \$17,500 from Brennan's Main Street PAC,¹⁶⁸ and \$10,000 from All Children Matter,¹⁶⁹ a Michigan-based charter school PAC founded by the DeVos family. The DeVos family (Betsy and Dick DeVos, inheritors of the Amway fortune) are major funders of right-wing organizations, and privatizing education has long been one of their pet causes.¹⁷⁰

Both Main Street PAC and All Children Matter were later found to have been involved in schemes to help donors evade campaign finance limits in Ohio, and All Children Matter even changed its name after the scandal, returning as the "American Federation for Children."¹⁷¹ In 2006 and 2007, Brennan funneled around \$30,000 above contribution limits to candidates through his Main Street and Go-Go PACs, and another \$200,000 through All Children Matter in 2006. All Children Matter was fined \$5.2 million in 2008 for violating Ohio campaign finance laws, while four of the recipients of Main Street's cash made a deal with the Ohio Secretary of State to return the money.¹⁷²

White Hat's lobbyists have worked closely with legislators who support the company's agenda, even providing a "four-page legislative wish list" to House Speaker Bill Batchelder to help his office prepare for a phone call with lobbyists.¹⁷³ Batchelder, who is an ALEC member¹⁷⁴ and a major proponent of privatization through charter schools and voucher programs, received direct contributions totaling \$67,000 from Brennan between 2006 and 2013.¹⁷⁵

All told, Brennan has reported a stunning \$3.6 million in contributions to Ohio races since 1992.¹⁷⁶

But White Hat schools are failing to educate Ohio kids. A 2010 report by the National Education Policy Center at the University of Colorado-Boulder found that only two percent of White Hat's schools nationwide were meeting Adequate Yearly Progress (AYP) measures.¹⁷⁷ Despite this abysmal record, and despite a 2007 state audit that found White Hat's business practices to be "abusive," the company continues to operate some 30 charter schools in Ohio.¹⁷⁸

Ohio House Speaker Bill Batchelder, a White Hat defender, claims on his 2014 campaign website, "School districts must be held accountable for how they allocate their money."¹⁷⁹ It remains to be seen whether White Hat will be held to that standard.

The Ohio Supreme Court heard the White Hat case on September 23. Justices explored the question -- if a private body is doing a public job using public money, aren't they functionally equivalent? That is indeed the heart of the matter and a ruling is anticipated later this year.

OUTSOURCING AMERICA: PENNSYLVANIA

Governor Corbett Pushes to Privatize Liquor Sales Benefiting Campaign Donors

Pennsylvania is one of 18 alcoholic beverage control states. Wine and distilled spirits are sold by the state-owned Wine and Spirits shops and regulated by the Pennsylvania Liquor Control Board (PLCB). Through the local sales tax and the state liquor tax, the PLCB annually returns more than half a billion to the Pennsylvania treasury – money that funds both community programs and government services.¹⁸⁰

In 2012, with the backing of Governor Tom Corbett, Republican House Majority Leader Mike Turzai (a long-term ALEC stalwart) announced a sweeping plan to privatize the state liquor system by auctioning off the current liquor stores and issuing 1,600 new liquor store licenses.

A year later, Bill 790¹⁸¹ passed the House of Representatives in a vote that largely followed party lines, and it was moved to the Senate's Law and Justice Committee, chaired by Republican Sen. Chuck McIlhinney. The committee held a hearing in April 2013 in which representatives from professional organizations and community groups¹⁸² all spoke out in opposition to the bill. Law enforcement officers argued that it provided no extra police funding for the likely rise in alcohol-related emergency calls, and Mothers Against Drunk Driving as well as high school students warned that privatization would lead to more alcoholism and domestic violence.¹⁸³

Following the hearing, Sen. McIlhinney went on record saying that he would not support the House bill. This setback proved temporary, however, and it was not long before a new push toward wholesale privatization was launched (in a 2012 radio interview, Gov. Corbett made clear that he would accept no compromises).¹⁸⁴ It now seems likely that a privatization bill – but perhaps not the no-holds-barred version Turzai and Corbett argued for – will win the state Senate's approval later this year.¹⁸⁵



Pennsylvania Gov. Tom Corbett

The list of organizations opposing the privatization bills in Pennsylvania is as diverse as it is impressive.¹⁸⁶ From the Pennsylvania Fraternal Order of the Police and the International Association of Fire Fighters to the local NAACP chapter and the Black Clergy of Philadelphia and Vicinity, all are worried that the erosion of liquor store profits that have funded dozens of community programs and government services, as well as the increased violence and youth deaths that follow in the wake of increased alcohol availability.^{187, 188}

Money talks, however. It turns out that many of the companies¹⁸⁹ that stand to benefit most from the privatization of liquor sales are major donors to Corbett. Wal-Mart contributed \$33,500, its twelfth biggest donation to any single candidate ever.¹⁹⁰ Sunoco, a Fortune 100 gasoline distribution company that owns gas stations and convenience stores all over Pennsylvania, donated \$111,750¹⁹¹ to the

campaign. Another Pennsylvania gas station/convenience store chain, Sheetz, which is actively “supporting Gov. Tom Corbett’s liquor privatization,”¹⁹² contributed \$120,350. In addition to this, Robert F. Weis, who chairs the board of the supermarket chain Weis Markets, which for years has pushed for the sale of beer in its stores,¹⁹³ spent \$13,750¹⁹⁴ out of his own pocket.

In total, these companies donated \$279,350 directly to Gov. Corbett.

Corbett Outsources Legal Counsel to Campaign Contributors

Pennsylvania’s Office of General Counsel “serves as the Governor’s in-house legal counsel,” providing the executive branch with “expert, responsive and cost-effective legal

services ... for the benefit of the public.”¹⁹⁵ In addition to the 498 attorneys employed by the state, the handling of legal business is frequently outsourced to outside counsel. Last year, the total bill for private law firms – footed by the taxpayers – amounted to a whopping \$32.7 million in 2013 and \$100 million over three years, according to the *Pittsburgh Tribune-Review*.¹⁹⁶

Outside counsel, it has been pointed out, is an insider’s game.¹⁹⁷ A comparison between the firms used as outside counsel last year and their contributions to Corbett’s gubernatorial campaign of 2010 makes for interesting reading.

Biggest State Legal Contracts and Corbett Campaign Contributions¹⁹⁸

Law Firm	Corbett paid for outside counsel in 2013	Contributions to Corbett 2004-2014
Pepper Hamilton LLP	\$2,427,030	\$39,350
DLA Piper	\$2,135,307	\$5,000
Swartz Campbell LLC	\$1,922,177	\$34,000
Rawle & Henderson	\$1,603,974	
Dickey, McCamey & Chilcote	\$1,517,829	\$8,500
Cozen O'Connor PC	\$1,434,011	\$114,390
McKenna Long & Aldridge	\$1,321,737	
Chartwell Law Offices LLP	\$1,275,539	\$39,500
Blank Rome LLP	\$1,171,517	\$254,207
Duane Morris LLP	\$1,060,319	\$384,550
Drinker Biddle & Reath LLP	\$942,790	\$46,461
		\$494,947

While the Corbett administration claims that the overall cost for outside counsel has decreased, it is important to look at the selection process and what kinds of cases are being outsourced. The official webpage assures us that the outside firms provide services “of the very highest caliber,”¹⁹⁹ and yet it seems that quality is not the only criterion used when considering candidates.

The biggest campaign donor, Duane Morris LLC, received ample rewards. Several employees were picked for Corbett’s transition team,²⁰⁰ while others were appointed state commission members and state judges.²⁰¹

In another instance, Corbett fought for two years to uphold the “voter ID” law modeled on an ALEC bill that required everyone to present a state ID before voting. The photo requirements specified by the bill (ostensibly to prevent fraud, although Corbett was hard pressed to point to a single case of it)²⁰² were among the most draconian in the country.²⁰³ According to NAACP estimates, the law would have disenfranchised “tens of thousands if not hundreds of thousands of Pennsylvanians.”²⁰⁴ One of the plaintiffs was 95-year old Viviette Applewhite,²⁰⁵ who marched with Dr. King in the 1960s but would have been unable to obtain the identification required by the law.

Corbett’s hard-fought battle to limit democracy proved costly. When the in-house lawyers could not handle the workload, Corbett decided to fill the coffers of corporate contractor Drinker Biddle & Reath by \$942,790. Their campaign contributions amounting to \$46,461 turned out to be a good investment.²⁰⁶ In the end, in May 2014, the law was finally struck down and declared unconstitutional by the Pennsylvania Commonwealth Court.²⁰⁷

But a million down the drain to implement voter ID is peanuts compared to the \$3.4 million Gov. Corbett paid consultants from DLA Piper and Blank Rome (two firms that had incidentally donated to his attorney general and gubernatorial campaigns) to help him hand over control of the state lottery, which generates money for programs for senior citizens, to British behemoth Camelot in what Democratic Whip Mark Hanna described as “a corporate giveaway ... while the Pennsylvania seniors are left with less money to help them pay for their prescription drugs, transportation, property taxes and rent.”²⁰⁸

Challenged by lawmakers, unions, and watchdogs, Corbett was finally forced to abandon the plans to sell the lottery in 2013,²⁰⁹ while the attorneys at DLA Piper and Blank Rome cried all the way to the bank.

OUTSOURCING AMERICA: MAINE

Governor LePage's Outsourcing Experts Plagiarize Report

In November 2013, Maine governor Paul LePage announced that the state had signed a highly unusual no-bid \$925,200 million contract with a private consultancy firm. The Rhode Island-based Alexander Group was commissioned to evaluate Maine's welfare system, and in particular the expansion of Medicaid mandated by the Affordable Health Act.²¹⁰ Founded by Gary Alexander, former Secretary of Public Welfare²¹¹ in Pennsylvania, the firm was ideologically aligned with LePage's own pro-privatization views.²¹²

Alexander's firm was awarded the contract for a five-installment evaluation of the state welfare program, beginning with a feasibility study on Medicaid expansion. Signed and sealed in September, the deal was not publicly announced until two months later.²¹³

At a press conference in November, Maine Department of Health and Services commissioner Mary Mayhew expressed her excitement "about the opportunity to work with such a knowledgeable group of experts."²¹⁴

Democrats did not share her enthusiasm, and warned about Alexander's record of "mismanagement and failed policies."²¹⁵ They also charged that LePage was not interested in a non-partisan report but in a foregone conclusion. "The philosophy of the consultants, I believe, is merely an effort on the part of the administration to bolster their own philosophy about the human service budget in the State of Maine," said Rep. Richard Farnsworth.²¹⁶

The first Alexander report did indeed echo LePage's sentiments. In common with other governors intent on an extreme privatization agenda, LePage had previously rejected federal money for the expansion of Medicaid coverage for the poor in the state. In his 2013 Medicaid veto letter, the governor argued that it "is not the time to push forward on expansion. Maine must negotiate with Washington to en-



Maine Gov. Paul LePage

sure that our citizens and taxpayers are protected. We need flexibility in our program to improve delivery and root out fraud and abuse."²¹⁷

The Alexander report echoes the sentiment: "Maine needs a state-based solution with flexibility from the federal government that focuses on access ... personal responsibility, and efficiency."²¹⁸ It soon became clear that the report was not even nominally independent as the Department of Health and Human Services edited and redrafted it before releasing it to the public.²¹⁹

Also, the numbers didn't add up. According to a review by the independent research and consulting firm Health Management Associates, the dire cost projections in the Alexander report were a result of underestimating the federal funding for welfare programs, the so-called Federal Medical Assistance Percentages (FMAP). The higher rate

used by the Alexander Group, and the fact that the report contained no analysis of savings associated with a Medicaid expansion, erroneously inflated the costs by \$575 million. Looking at savings, the Alexander Group said, was “outside the scope” of the study.²²⁰

In March, lawmakers on the joint Health and Human Services Committee in the state capitol passed a bill to stop all further payments and effectively cancel the contract.²²¹ LePage’s spokeswoman called this “an unabashed attempt to punish the governor for uncovering the true cost of welfare,” and made clear that he would veto any such bill.²²² Two months later, the final project deadline passed.

Despite the fact that taxpayers had already ponied up more than half a million, Maine had only received one of the five reports.²²³ The Alexander Group scrambled to finish a second one.²²⁴ In June 2014, Bangor Daily News revealed that large chunks of the policy recommendations were lifted from a 2011 paper by the Washington D.C. groups Center on Budget and Policy Priorities and the Center for Law and Social Policy.²²⁵

In the face of the plagiarism revelations, Maine decided to formally terminate the contract. In a letter to the Alexander Group, the head of the state’s Department of Health and Human Services further made clear that the department would impose a “payment penalty” due to “citation errors.”²²⁶

In the end, the bill (footed by Maine’s taxpayers) for sloppy “expert advice” to support the governor’s ideological beliefs and political agenda came to a whopping \$474,760.

LePage Supports Pumping Public Water for Private Gain

Around the world, private firms have been given “carte blanche rights to mine local groundwater supplies at the expense of local populations, say experts.”²²⁷ In 1997, Swiss food giant Nestlé signed a contract with the privately-owned water services provider in Fryeburg, Maine, to buy freshwater in bulk for its Poland Spring brand of bottled water.²²⁸

Fearing that large-scale commercial water exploitation would lead to groundwater depletion and the Saco River drying up,²²⁹ the town of Fryeburg enacted a Land Use Ordinance that required that any company pumping more than 10,000 gallons of water a day get approval from the planning board. With a constant stream of litigation and appeals, however, Fryeburg Water Co. was able to buy time while continuing its moneymaking sideline business without interruption.

In 2004, Poland Spring/Nestlé announced an expansion of operations; the firm hoped to build a bottling plant.²³⁰ The town’s Ground Water Regulation Work Group compiled a report, stating that the impact plan submitted by Nestlé was overly optimistic and based on incomplete data; there was, in fact, a potential risk of pumping the aquifer dry.²³¹

Amid threats of a state excise tax on water bottling,²³² Nestlé decided to ditch the bottling plant. Instead, in 2013, the company and Fryeburg Water Co. announced plans to enter into an unprecedented 45-year contract “for water extraction and lease of utility property.”²³³ Worth close to \$11 million, the deal would allow Nestlé the exclusive right to draw 75+ million gallons of water a year.

Activists and environmental groups, such as Community Water Justice and Food & Water Watch-Maine, soon collected 136,000 signatures and presented Gov. LePage with a petition urging the Public Utilities Commission to reject the deal: “It’s our water! Stop bullying my community!”²³⁴ LePage refused to listen to the concerns of the protestors.²³⁵

Reports filed with the Maine Ethics Commission reveal that Nestlé/Poland Spring spent \$101,160 on lobbying the legislature between 2007 and 2013.²³⁶ Moreover, the media soon uncovered that all three members of the Maine Public Utilities Commission, the regulatory agency charged with reviewing the contract, had ties to Nestlé.²³⁷ The chairman Thomas Welch, for example, worked as an attorney for Nestlé Waters until his appointment to the commission. He recused himself from the contract review,²³⁸ and soon the other two dropped out as well.

Following media scrutiny, the last commissioner standing, David Littel, who had also worked as an attorney for the firm representing Nestlé Waters, decided to step down in

July 2014, citing a conflict of interest. LePage sent a letter²³⁹ to Waters expressing his “concern” about Littel’s interpretation of the recusal standards. Apparently Littel had let his moral code get the better of him. But the governor was prepared for such unfortunate eventualities. To make sure that the commission was independent in name only, he had previously passed legislation allowing him to appoint retired judges as substitute commissioners when it suited him.

In September 2014, a report by a PUC hearing examiner recommended that the contract not be approved. Fryeburg Water Co., the report notes, was established to “convey to the village of Fryeburg a supply of pure water for domestic

and other uses;” it should not be sold off as a “bulk commodity” to Nestlé or other bottlers.

For Food & Water Watch, which has campaigned against the contract, “The report validates everything we’ve been saying all along: that this 25-year proposal with options of extending it to 45 years ... was a shameful sweetheart deal with a multinational corporation to strip a local community of its right to water.”

The recommendations in the report, however, are non-binding. In October, LePage’s substitute commissioners will have the final say.

OUTSOURCING AMERICA: WISCONSIN

Governor Walker's Privatized Jobs Agency Generates Many Headlines, Few Jobs

On one point, Wisconsin Governor Scott Walker has never wavered. He means business. After taking office in 2011, he soon announced that he would create 250,000 new private-sector jobs during his tenure: "Wisconsin is open for business!"²⁴⁰ This sound bite was soon added to road signs across the state and became his mantra at public presentations.

One of Walker's first bills called for the privatization of the Department of Commerce's economic development functions. In July 2011, the new Wisconsin Economic Development Corporation (WEDC) was launched, "with the mission of elevating Wisconsin's economy to be the best in the world."²⁴¹ The quasi-public agency is run by a 15-person board, chaired by the governor, which controls hundreds of millions in bonds, grants, tax credits, and loans.

The agency was soon mired in controversy. In May 2012, WEDC was slammed by the federal Department of Housing and Urban Development for misappropriating \$10 million in federal funds. Two months later, allegations of bid-rigging forced it to cancel a planned award to an information systems company. And in October of the same year, the *Milwaukee Journal Sentinel* reported that WEDC had lost track of some \$8 million in funds.

In May 2013, the Wisconsin Legislative Audit Bureau found that WEDC had awarded a portion of these grants, loans, and tax credits to ineligible recipients, for ineligible projects, and for amounts that exceeded specified limits (auditor language for "broke the law").

With all that taxpayer money, how many actual jobs have been created since 2011?

In October 2011, the WEDC governing board chaired by Walker approved an operations plan that set the agency a goal of creating or retaining 50,000 jobs in Fiscal Year



Wisconsin Gov. Scott Walker

2011.²⁴² At the end of 2012, when WEDC was required to issue its first report documenting how many jobs it had created, WEDC reported 23,759 jobs "impacted" in FY 2012.²⁴³ This new term combines "expected" jobs and "retained" jobs. It allows WEDC to avoid reporting "actual" jobs.

CMD spoke to subsidy expert Greg LeRoy at the national nonprofit research group Good Jobs First about the term "impacted." "I am not aware of any other state that uses the term impacted in this way. It is a vague and not very meaningful measure," said LeRoy.

Nowhere in its 2012 annual report does WEDC say how many jobs were actually created that year, but CMD's analysis of WEDC's official database documents only 1,044 "actual" jobs reported by companies.

At the end of 2013, WEDC told the legislature and the public that it had "impacted" 37,313 jobs.²⁴⁴ No actuals were

included in the report to the Legislature, but its official database includes documentation for 4,796 “actual” jobs.

This means only 5,840 jobs were created for the two-year period CMD examined. To create those jobs, some \$203 million in taxpayer money went out the door in grants, loans, and bonding authority.

While WEDC was busy handing out grants, many Wisconsin companies were cutting back or going under. Over the same two-year period, state data indicates that Wisconsin lost 13,616 jobs to mass layoffs and closings. Two state databases, two distinct numbers — more than two jobs lost in the state for every job gained through WEDC’s efforts.

But by any measure, Walker’s WEDC has failed in its mission to elevate “Wisconsin’s economy to be the best in the world.”

Why such poor performance? Recent reports point to numerous contributing factors.

CMD found that one unsecured, delinquent \$500,000 loan did not require that any jobs be created at all. That loan was made to Bill Minahan, owner of Building Committee, Inc. WEDC approved the loan even though the firm was dragged into court for failure to pay its bills in 2010. It is unknown why these officials thought Minahan was such a good risk, but he was a Walker donor, giving \$10,000 in 2010. After receiving the \$500,000 loan, Building Committee Inc. racked up \$757,103 in judgments and liens, leaving taxpayers with little hope of recovery.

A report published in May 2014 by One Wisconsin Now found that a number of job-creation grants had gone to firms engaged in sending jobs to states other than Wisconsin, and outside of the U.S. itself.²⁴⁵ WKOW TV found even more grants to companies that offshored jobs overseas.²⁴⁶

A report by Citizen Action in February 2014 showed that the agency was not targeting areas of the state in need of jobs, but was disproportionately aiding Republican Assembly districts.²⁴⁷ The advocacy group One Wisconsin Now found that Walker donors received a third of WEDC awards, but this equated to 60 percent of the funding handed out in that time period.

Another news story in July 2014 seemed to summarize an emerging pattern. The conservative daily, the *Wisconsin State Journal*, found that the WEDC board headed by Walker approved a \$6 million loan to a furniture store with a deal that would not require the firm to create any new jobs at all, instead granting the company license to lay off half of its current 3,848 Wisconsin-based workers in exchange for an enterprise zone tax credit, one of the most valuable and coveted state subsidies. Shortly after the board decision, Walker received a \$20,000 campaign contribution from executives at the firm.²⁴⁸

The situation in Wisconsin is not unique. Reviewing eight states that have privatized their economic development agencies, Good Jobs First concluded that these new public-private partnerships have all been mired in scandal. Lack of accountability and transparency, paired with widespread cronyism, are not a good recipe for job creation:

“In these times of severe economic development bargaining asymmetry between the private and public sectors, taxpayers are best served by experienced public-agency employees who are fully covered by ethics and conflicts laws, open records acts, and oversight by auditors and legislators ... Privatization delivers none of these qualities.”²⁴⁹

As Scott Walker’s term nears its end, he is still short on 150,000 jobs. PolitiFact reports that “his promise remains stalled.”²⁵⁰

Maximus Inc.’s Troubled History in Wisconsin

Based in Virginia but with offices all over the world, Maximus Inc. rakes in more than \$1 billion²⁵¹ a year from U.S. states and countries around the world outsourcing administrative functions. Wisconsin and the privatizing giant have a long and very troubled history, but breaking up, it seems, is hard to do.

Between 1997 and 2001, the Wisconsin Department of Workforce Development awarded Maximus three contracts to administer the newly created Wisconsin Works (W-2) program for \$107 million.²⁵² W-2 provides employment

counseling and cash assistance for families living below the poverty line. There is no entitlement to assistance; it must be earned through “work participation and personal responsibility.”²⁵³

While the struggling Wisconsin families kept their part of the responsibility bargain, Maximus did not. In 2000, it transpired that the company had improperly billed the state hundreds of thousands of dollars for expenses that had nothing to do with W-2, including “social functions and entertainment.” In the end, Maximus was forced to pay back \$500,000. As a show of “good faith,” it also wrote a check for a further \$500,000.²⁵⁴

Whether it was the show of good faith or its impressive history of maximizing profits is impossible to say, but in 2004 Wisconsin once again contracted Maximus, this time as a “revenue-maximization consultant.” The company was charged with helping the Department of Health Services prepare and file Medicaid claims to extract more money in federal reimbursement.²⁵⁵ The \$3.4 million dollar contract – footed by Wisconsin taxpayers – ran until 2009. And initially, things seemed to be going fine. Perhaps the appropriation of \$500,000 some years earlier was just a bad day in the office for Maximus?

When the contract expired, DHS continued filing in accordance with the “best practices” developed by the company. In 2013, these practices caught the eyes of the inspector general for the U.S. Department of Health and Human Services, who found that they did not comply with federal requirements. Out of \$41 million claimed for residential care services between 2004 and 2006, \$39 million was deemed “unallowable.” That translates into \$19 out of every \$20.

In much the same way as someone who wants to avoid or evade paying taxes might try to write all expenses off as deductions – hoping that they won’t be audited – Maximus had advised Wisconsin to claim reimbursement for work done by youth care workers and social workers as “other services.”²⁵⁶ When the audit came, the “best practices” proved to be costly, as the feds demanded Wisconsin pay back \$23 million. Chances are that this number will increase by a magnitude when the claims made after 2006 get the fine-tooth-comb treatment.

W-2 and Medicaid consultancy are not the only services that have been outsourced to Maximus in Wisconsin. After spending more than \$114,000²⁵⁷ on lobbying the legislature on bills related to the “W-2 budget allocation process,”²⁵⁸ Maximus was awarded a renewed six-year contract with the Wisconsin Department of Children and Families worth some \$21 million in 2011.²⁵⁹ Once again, Maximus was charged with deciding whether cases (this time children placed in foster care) met the criteria for federal reimbursement. And once again, the company developed “best practices.”

In neighboring Illinois, the Maximus experiment came to a sudden end in December 2013. Facing a shortage of staff, the Department of Healthcare and Family Services had contracted Maximus to deal with a backlog of Medicaid cases up for re-determination.²⁶⁰ An investigation of the redetermination data found that Maximus’s work was sloppy and had high error rates, as opposed to the work carried out by state employees.²⁶¹ The case went to arbitration, and during the proceedings, the union showed that Illinois could save \$18 million by hiring more staff to make up for the shortfall, instead of using a contractor.²⁶² The independent arbitrator issued an order cancelling the \$77 million dollar contract with Maximus.

In Wisconsin, on the other hand, things are not as straightforward. The foster care contract is still in effect, and Maximus continues to provide W-2 services, with an office in Milwaukee.²⁶³

Eager to see Walker remain in office, Maximus contributed \$5,000 (its biggest Wisconsin contribution in ten years) toward the governor’s recall election campaign.²⁶⁴ Maximus also pays \$100,000 a year for exclusive access to Republican governors through the secretive Republican Governors Public Policy Committee. At a 2013 event, Philip Geiger, Vice President of Maximus, wined and dined with members of Scott Walker’s inner circle. In attendance was also Kevin Moore, Deputy Secretary of the Wisconsin Department of Health Services.²⁶⁵

In a tweet from August 2014, W-2 urges job applicants to “Check Check & Double Check your resume.”²⁶⁶ Good advice indeed. Perhaps some résumé-checking would not be amiss the next time Wisconsin officials evaluate a Maximus bid.

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260. Federal law mandates that eligibility must be (re-)checked annually. <http://www2.illinois.gov/hfs/SiteCollectionDocuments/EEVClientFAQ.pdf>
261. <http://www2.illinois.gov/hfs/SiteCollectionDocuments/IM-RPReport.pdf>
262. <http://www.afscme31.org/news/arbitrators-order-will-end-wasteful-outsourcing-return-medicare-over-sight-to-state-government>
263. https://www.facebook.com/pages/Milwaukee-Wisconsin-Works-by-MAXIMUS/172415986123194?sk=app_190322544333196
264. [http://beta.followthemoney.org/show-me?s=WI&d-eid=4064#\[{1}gro=c-t-id](http://beta.followthemoney.org/show-me?s=WI&d-eid=4064#[{1}gro=c-t-id)
265. <https://s3.amazonaws.com/s3.documentcloud.org/documents/1303363/r-g-a.pdf>
266. <https://twitter.com/MilW2Central/status/499694534901907457>