

**Failures in the Privatization of Public Services
December, 2016**

Service	Intention	Outcome	Source
General	"Contracting out" for services previously provided by public employees in public agencies.	"Nearly 85 per-cent of the county managers said that using a request for proposal process did not save their agencies money or bring about new providers."	"The Mythology of Privatization in Contracting for Social Services," Van Slyke, <i>Public Administration Review</i> , May 2003, an examination of privatization in New York State under Governor Pataki.
	Demonstration of fiscal austerity.	"Privatization and contracting for social services with nonprofit providers was used for politically symbolic reasons to demonstrate that government is getting smaller. . . What we learn from studying the government-nonprofit contracting relationship is that privatization is more a political than an economic act."	Studies by E.S. Savas, 1982-2000, Chatham House.
Administration	Expertise with computerization.	CityTime in New York City , a project to computerize payroll and timekeeping, part of an outsourcing scandal which cost the city \$10 billion annually.	Federal fraud charges in June 2011 against eleven contractors and consultants in the CityTime scheme, reported beginning in March 2010 in the <i>New York Daily News</i> .
	Efficiency with public administration procedures.	Texas experiment in 2006. "Almost immediately after privatization, individuals began experiencing long wait times in call centers, improper denials of benefits. . . The state canceled the contract in its second year but at that point had already laid off the experienced state workers who knew how to run the programs."	"Predatory Privatization," People for the American Way, 2016.
	Saving money.	Minnesota sought to balance its budget in 2011 through privatization. "There is little evidence here and in the research on privatization that this type of contracting saves money. . . Contracting out often incurs significant transaction costs."	Minnesota Post, January 6, 2011.
Developmental Disabilities	Saving money.	Tennessee sought to save money by down-sizing and privatizing services in developmental disabilities. "Dozens of people with intellectual disabilities have died in state care," with problems especially in inadequate but costly requirements for supervision: "State investigators found neglect in the case of a 59-year-old man who died in 2012. . . [a] resident of a home maintained by At Home Transitional Living, a now-defunct Nashville firm headed by [name omitted] who also runs a bail bonding business." Investigations often prove futile: "At a private Nashville agency, staff reported a resident had fallen out of bed. . . when his concerned sister took him to the emergency room, doctors diagnosed the injury as a second-degree burn the size of a baseball. Staff could not explain why."	Fault found with both state run and private group homes over many years, chronicled in multiple law suits, for example a civil rights action "United States of American v. State of Tennessee, et. al.," filed 10-21-1996. See also "Broken Trust," a series in the <i>Nashville Tennessean</i> , January 2014.

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Developmental Disabilities, continued	More, saving money . . .	Kansas sought to privatize developmental disability care through managed Medicaid companies. No solution came for the waiting lists: "[Name omitted]'s parents are in their 70s, and they say they're now watching their carefully laid plans for their son's future slip away."	<i>Kaiser Health Network</i> , "Need disability help in Kansas? Thousands wait an average of seven years," 10-13-2016.
Education	Improving school performance.	Further segregation through selection of privatized school students. Reduced resources for public schools.	"Education and the Commercial Mindset," Abrams, Harvard, 2016; "School Choice: The End of Public Education?" Schneider, Teachers College Press, 2016.
Prisons	Lower the cost to state and federal government of maintaining prisons.	Cutting corners by employing younger, less well trained and less well paid workforce, as well as having higher inmate-to-guard ratios, results in more violence, injury to guards. Also, costs have risen , due to higher prison populations resulting from profit-oriented corporations lobbying for longer prison sentences, more difficult parole. Cherry picking : private prisons avoid taking sick and elderly inmates, health care expense avoided; government-run prisons are left with the most expensive inmates.	U.S. Department of Justice, August 2016, issues report indicating that private federal prisons were less safe and less secure than government-run prisons, resulting in phasing out of private prison use. Anita Mukherjee, University of Wisconsin, found inmates in private prisons received many more conduct violations than those in government-run ones, making it harder to get parole, and, on average, serving two to three more months of prison time, improving revenue for the private companies. Study of prisons in nine states by Chris Petrella, Bates College.
Social Services	Political, to show reduction in public work force, also favoritism to cronies.	Indiana : "After the private sector took over the state's public assistance program, services were disrupted while politically connected firms benefited. The state's experience underscores the risks of such handoffs--and the issue is likely to persist nationwide." "Though the \$1.37 billion project [Indiana] proved disastrous for many of the state's poor, elderly and disabled, it was a financial bonanza for a handful of firms with ties to [then Governor] Daniels and his political allies, which landed state contracts worth millions."	<i>Los Angeles Times</i> , June 2011, review of Indiana's privatization of that state's public assistance program. "People . . . with profound disabilities were told they weren't cooperating," according to the chairman of the Indiana Home Care Task Force. <i>Los Angeles Times</i> , June 2011.