# What is Maximus, the call center contractor which laid off hundreds in the US South?

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*Maximus workers, we want to hear from you! Contact the* World Socialist Web Site *by filling out the form at the bottom of this article. All comments will be kept anonymous.*

The layoffs last month of hundreds of Maximus call center workers in Hattiesburg, Mississippi and Bogalusa, Louisiana last month has generated significant opposition from workers at the company.

Among Maximus workers, there is a strong mood for a fight in defense of jobs. But any campaign must be based on an understanding of what workers are up against. Maximus is not just a particularly greedy employer, but a multi-billion dollar multinational corporation with deep ties to the US government.

Founded in 1975, Maximus Inc. is a federal communications contractor headquartered in Tysons, Virginia, half an hour outside of Washington D.C. It has over 39,000 employees in 10 countries and is the parent company of dozens of subsidiaries across the globe, including the US, United Kingdom, Italy, Saudi Arabia, Australia, Singapore and South Korea.

One worker at the call center in Bogalusa explained their working conditions as follows to the *World Socialist Web Site*:

> [The] workload is incredibly high and stressful. I handle at least two calls a day where I am verbally abused. I take on average over 50 calls a day with average handle times of 10 minutes in the Medicare division. I have seen coworkers burst into tears/terminated because of the micromanaging and unrealistic expectations. You can also have 50 calls that are deemed excellent but if you make a mistake on one call you are punished. The break times are short. We receive one 30 minute unpaid lunch break and two paid 15 minute breaks. Since I have started working at Maximus, I have noticed that I am drinking more and my mental health has declined. I can't afford to see a doctor, despite paying $100 a month in deductions for my employee health plan.

According to its "Fourth Quarter and Full Year Results for Fiscal Year 2022," the company's revenue "increased 8.9% to $4.63 billion, compared to $4.25 billion for the prior year," and it reached "[r]ecord signed contracts awards of $10.5 billion, which includes awarded Centers for Medicare & Medicaid Services contract for Contact Center Operations valued at $6.6 billion." The company's current market capitalization is $4.55 billion, and the net worth of CEO Bruce Caswell is nearly $78 million.

The National Employment Law Project (NELP) issued a report in May 2021 documenting the codependency between federal contracting and private businesses, using Maximus as the example. The report exposes the mechanisms through which Maximus maintains its monopoly on federal contracts:

> Maximus relies entirely on public contracts for its business, and contracts with federal agencies have become an ever-greater part of its business, fueled by acquisitions of other contractors. Initially acting as a subcontractor on the $5.5 billion ten-year call center contract between the Centers for Medicare and Medicaid Services (CMS) and prime contractor General Dynamics Information Technology (GDIT), Maximus became the largest federal call center contractor in 2018 when it paid $400 million in cash to take over the call centers and the GDIT contract. With the purchase Maximus brought in $670 million in new revenues annually, increasing the company's overall federal contracting business segment to over $1 billion. After this acquisition, Maximus became the employer of approximately 10,000 workers at the CMS call centers. …
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> Maximus holds other federal contacts [sic] as well, with the Centers for Disease Control, Department of Education support, and the Veterans Administration, and to continue its growth the company spends $800,000 a year on lobbying the federal government. As Maximus assures its investors, the barriers to entry for providing government services—including the complexity of the bidding process itself and some pre-approval requirements—can limit the pool of competitors for federal agencies to choose from. Under the current acquisition framework, Maximus has an incentive to offer to do the work for a bargain price no matter the impact on workers.

Speaking to *Federal Times* in July 2022, Virginia-based attorney Todd Whay said, "The government is looking for the cheapest contractor," and that what "competitors are likely going to offer is going to be the bare minimum in terms of wages."

*Federal Times* cited a September 1965 report from the House Education and Labor Committee on the Service Contract Act (SCA), enacted that same year to establish a base minimum wage for service workers contracted through the federal government, compared with workers directly employed by federal government departments. The report sheds light on how the federal government has aided the financial operations of Maximus:

> The Federal Government has added responsibility in this area because of the legal requirement that contracts be awarded to the lowest responsible bidder. Since labor costs are the predominant factor in most service contracts, the odds on making a successful low bid for a contract are heavily stacked in favor of the contractor paying the lowest wage. Contractors who wish to maintain an enlightened wage policy may find it almost impossible to compete for Government service contracts with those who pay wages to their employees at or below the subsistence level.

The Institute for Policy Studies, in its 28th annual Executive Compensation Report, released last June, reviewed "compensation over the past year at the 300 publicly held U.S. corporations that had the lowest median wages in 2020." Its "key findings" exposed how working and middle class "tax dollars are fueling corporations with extreme CEO-worker pay gaps," adding: "Of the 300 companies in our sample, 40 percent received federal contracts between October 1, 2019 and May 1, 2022. The combined value of these contracts over this three-and-a-half year period [equaled] $37.2 billion."

The report found that: "Maximus, the top contractor in our sample, has held $12.3 billion in federal contracts over recent years. The company's contracts include deals to service federal student loans and operate Obamacare and Medicare call centers. In fiscal year 2021, federal contracts made up 45 percent of Maximus total revenue."

A separate report entitled, "Customer Disservice: Examining Maximus, the Federal Contractor that just became the largest student loan company in the world," was published in March 2022. Co-sponsored by the CWA (Communications Workers of America) and the Student Borrower Protection Center, it revealed that "Maximus—though virtually unknown to the general public—is a long-time participant in the federal student loan system." It continued:

> From 2000 to 2006, Maximus contracted with the Department [of Education] as a private collection agency ("PCA") collecting on student loans in default. Since 2013, Maximus has served as the default loan servicer for the Department's entire defaulted loan portfolio....
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> [B]eyond the nearly 13 million borrowers for whose accounts Maximus and Aidvantage [the company's servicer of performing loans] now have sole day-to-day management responsibility, in 2020 Maximus was also selected as one of five "Business Process Operations" vendors by the Office of Federal Student Aid. In this role, Maximus provides a wide range of back-office functions across the federal student loan system for millions more people with student debt, including operating call centers that answer borrowers' questions about student loan repayment. This means that Maximus is now the largest student loan servicer in the world, managing a staggering $449 billion of debt owed by almost 13 million borrowers and playing a key part in millions of additional borrowers' repayment sequences.

The report exposed the company's *modus operandi* as follows:

> Maximus, Inc., the parent company to Maximus Federal Services, is a massive government services company that rakes in nearly $4 billion taxpayer dollars every year, ostensibly towards the goal of "helping government serve the people." While Maximus's share of the Department's student loan portfolio is impressive, the company's numerous and lucrative contracts with other public service-oriented agencies reveal the true size and scope of the private company's central role within the federal and state governments.
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> The many inroads that Maximus has made into the broad expanse of the federal public service landscape are connected by a single thread: Maximus has focused on the provision of critical public service functions to the most marginalized and vulnerable Americans. The company recognizes that the strength of its business model lies in its entanglement with the vital services the federal government provides to people. In a disclosure to its investors, Maximus explains that by targeting "the most vulnerable populations," the firm "helps insulate our services from significant downward pressure, particularly during an economic downturn."

It should be added that its parasitic leechings off "the most vulnerable populations" are on behalf of its primary stockholders such as BlackRock, Victory Capital Management, The Vanguard Group, Mackenzie Investments and SSgA Funds Management, Inc.

The deep integration of Maximus with the government and the financial oligarchy underscores that the layoffs are part of a broader jobs bloodbath currently taking place, with tens of thousands of jobs cut in the tech sector in the past few months. This is the outcome of deliberate policies employed by Washington and the Federal Reserve to rein in the push by workers for better wages by ramping up unemployment. A key element in this strategy is the leveraging of higher interest rates to reduce hiring demand.

These policies are also generating massive social conflict. In December and January, more than 40,000 graduate students in the University of California system struck across the state for living wages. Also last year, 120,000 railroaders were pushing for national strike action, to which Congress responded by passing an anti-strike law. In Europe, millions of workers in the UK and France have taken part in national strikes against similar austerity policies. The response of governments everywhere to this is the same—to double down on cuts and to escalate attacks on core democratic rights, including the right to strike.

A strategy to defend jobs at Maximus, therefore, must be based on a strategy of uniting call center workers with a broader fight by the entire working class. Workers must understand that they face implacable enemies in both political parties. This means workers that the fight for jobs is bound up with the fight for the political independence of the working class from the capitalist political establishment.