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# Daily Journal

*"Be just and fear not."*

## **BILL MINOR: Ex-Mississippian lands in Texas hot water**

Ashley Elkins - Jan 27, 2005

JACKSON - A bad penny like Gregg Phillips always seems to turn up in some kind of state government job somewhere doing his usual mischief.

We luckily got shed of him in Mississippi back in the late 1990s. Before he got out of town here, the Legislature's investigative arm had accused Phillips of a likely conflict of interest law violation for an \$878,000 contract while he headed this state's Human Services agency.

Now it's the state of Texas' human services system that is hot on the trail of Mr. Phillips.

And once again, he's allegedly tied into using his state governmental position to tap into a juicy piece of change paid to some private outfit doing business with his agency.

The Houston Chronicle, in published investigative articles into outside dealings of Phillips while he was Texas' Deputy Health and Human Services commissioner, links the ex-Mississippian to a \$1 billion deal to privatize the state's human services system.

Incredibly, as the Chronicle reports, Larry Temple, Phillips' old sidekick when he was concocting a lucrative deal for himself as head of the Mississippi Department of Human Services in the mid-1990s, was also tied in with him in the Texas agency.

The Chronicle says that Phillips, prior to resigning his Texas post last August, had a year earlier hooked up with private consultant Chris Britton in writing a \$1 billion legislative act to privatize the system.

The newspaper's investigation goes on to reveal that Britton's company joined with one founded by Phillips to get a \$670,000 contract in January, 2004. The conduit for the contract was the Workforce Commission, a state agency run by Phillips' old Mississippi buddy, Temple.

Cozy isn't it? Who says these ex-Mississippians can't play with the big boys, even deep in the heart of Texas?

Phillips actually came here from Alabama as a political fundraiser for Republican Kirk Fordice in his initial, winning 1991 race, endearing himself as the favorite of the crusty Fordice for jobs in his two terms as governor.

When Fordice nominated Phillips to become executive director of Human Services in 1993, a damaging background check by the Legislative PEER committee found Phillips had made false claims of his educational qualifications required for the job and failed to prove he was not delinquent in child support payments for a previous marriage.

But the crafty Phillips mobilized top Republican influence and pressured then-state Sen. (now U.S. Rep.) Roger Wicker, R-Tupelo, chairman of the Senate Health and Welfare Committee, to quash the probe and give Phillips committee approval.

As a 33-year-old with no previous administrative experience, Phillips had not long been in charge of the 4,300-employee agency before questions began to surface about his management decisions and the disallowance of \$2 million in MDHS expenditures by the U.S. Department of Health and Human Services.

At the heart of the controversy was a deal Phillips made for a workforce training program based at Ole Miss called LEAP.

In late April 1995, Phillips resigned his MDHS post and immediately entered into a contract with Synesis Corporation, an outfit whose Centec subsidiary Phillips had been doing business with at MDHS. The PEER committee was already hot on finding out about Phillips' dealings.

That resulted in a searing PEER report charging that Phillips had in effect set Centec up in business with an \$878,000 contract and now was profiting from it to the tune of \$84,000 a year.

PEER, with a recommendation that Phillips' "impropriety" likely constituted a violation of state conflict of interest laws, turned it over to the Attorney General's office and urged lawmakers to tighten ethics laws regarding state executive appointees who are not elective officials. Unfortunately, Phillips was never charged with a law violation before he moved on to pastures out of state.

The LEAP program, in which Temple, Phillips' former deputy, had a key role, became a dismal failure and died after the U.S. Department of Health and Human Services' inspector general found there had been only 130 success stories of LEAP participants, costing \$117,692 each.

In Texas, as the Houston Chronicle reports, the Health commissioner had hired Phillips as his deputy in charge of consolidation and privatization after Phillips had been "highly recommended."

Rep. Arlene Wolgemuth R-Burleson, the author of the privatization measure, said Phillips was highly recommended "for his knowledge, his experience, and his free-market principles on health and human services."

It would be extremely interesting to learn who had "highly recommended" Phillips, and I intend to find out.

Apparently once again, judging from the Chronicle story, the slippery Phillips could fall through the cracks of Texas' supposedly strict conflict of interest law because of a weakness in its coverage of lower-level bureaucrats beneath the level of agency head.

So maybe Gregg Phillips, whom Kirk Fordice regarded as something of a whiz-kid in fixing state government, now at the mere age of 44, could escape another investigation into his clever use of a governmental pad to send dollars into his own pocket outside reaches of the law.

Where will the elusive Greggster wind up next?

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