

The Forum for America's Ideas

**KANSAS SPECIAL COMMITTEE ON FOSTER
CARE ADEQUACY
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**CHILD WELFARE PRIVATIZATION
OVERVIEW AND TRENDS**

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NATIONAL CONFERENCE *of* STATE LEGISLATURES

Outline

- Levels and types of privatization
- State examples
- What do we know about what works
- Recent changes to privatized efforts
- Key considerations



Privatization

- The provision of publicly-funded services and activities by nongovernmental entities.
- Public sector retains ownership, financial responsibility, accountability and therefore some form of administrative responsibility.



Initial Goals of Privatization

- ❑ More efficient, higher quality services at a lower cost
- ❑ Greater flexibility
- ❑ More responsive to families
- ❑ New capacity while limiting government growth
- ❑ Overall system improvement and expansion of services, including new types of providers, community-based and faith-based organizations
- ❑ Improved child and family outcomes consistent with federal and state mandates and the Child and Family Services Review (CFSR)
- ❑ Greater alignment between programmatic goals and fiscal resources



Challenges to Privatization

- ❑ Complex systemic reform requiring considerations of multiple political and program factors
- ❑ Funding restrictions
- ❑ Insufficient local capacity
- ❑ Stakeholder resistance
- ❑ Inadequate data systems



Levels of Privatization

- Geographic region
- Target population
- Service type
 - ▣ Recruitment and reunification – 80% of states
 - ▣ Residential treatment and family support – over 90%
 - ▣ Special needs adoption services – 75%
- No state privatizes intake or investigation services



Levels of Decision-Making

- Public agency retains legal case management
- Private providers make all day to day decisions
- Shared with the public agency
- Others have dual systems of overlapping responsibilities



Contract Types

- Lead agency
 - ▣ FL, KS, MO, NE, TX
- Service-specific contracts
 - ▣ Illinois – separate contracts with foster care providers vs. residential/group providers
- Performance-based contracts
 - ▣ Include financial incentives and penalties
 - ▣ Payment method varies



State Levels of Child Welfare Case Management Privatization

Level of Privatization	Definition	# of States
Not currently privatizing case management	State public agency worker retains case management function.	32
Small scale privatization of case management services	Providing case management services for a subset of children in a limited geographic location.	8 AZ, CO, MI, MO, OH, SD, TN, WI
Large scale case management efforts	Large scale privatization of case management services.	3 DC, IL, NY
System wide privatization	Statewide privatization of all case management services.	2 FL, KS (NE*)

Source: Adapted from the National Quality Improvement Center on Child Welfare Privatization, University of Kentucky. Needs Assessment and Knowledge Gap Analysis Findings. Adapted by Casey Family Programs in "An Analysis of the Florida and Kansas Privatization Initiatives, April 2010.



Level of Privatization by State



Source: Alliance for Children and Families



State Examples



Florida

History and Structure

- ❑ Mandated by legislation to privatize entire child welfare system
- ❑ Phased in pilot programs over 5 years
- ❑ 20 lead agencies operating across 22 geographically defined areas
- ❑ Lead agencies responsible for all case management functions and decisions
- ❑ 3-5 year contract with 9-12 month start-up that includes readiness assessment
- ❑ Performance measures tied to renewal
- ❑ Each lead agency is given a predetermined percentage of the state's annual operating child welfare budget
- ❑ Title IV-E waiver allowed more flexibility



Results

- ❑ Reduced numbers in foster care from 30,000 to 20,000
- ❑ Highest adoption rates – more than 3,000 in 2014
- ❑ Unclear that improvements were directly linked to privatization
- ❑ 2014 Casey Family Programs report re: child deaths
- ❑ 2014/2015 major child welfare reform legislation focusing on safety
- ❑ 2015 Child Welfare Institute Report
 - ❑ Major overhaul





Nebraska

History and Structure

- ❑ 2009: State hired 5 lead agencies to provide services across different state regions
- ❑ Cases transferred over a period of months
- ❑ Lead agencies given responsibility for case management in 2011;
- ❑ Each lead agency is given a set amount regardless of children served or level or cost

Results

- ❑ Costs increased: \$105.2M in FY '08-'09 to \$139.2M in FY '10-'11
- ❑ \$30M over budget and \$22M repaid to federal government
- ❑ 2011: Legislature requested an audit of the efforts
- ❑ By 2012, four of the five providers lost or ended their contracts due to financial and management deficiencies
- ❑ Title IV-E waiver in 2013



Illinois

History and Structure

- ❑ 1997 moved to performance-based contracting
- ❑ Stand-alone, cabinet-level department reports directly to the governor.
- ❑ State-mandated Child Welfare Advisory Committee consists of public officials and private agencies for decision-making and accountability.
- ❑ Child welfare agency had overall authority for the approximately 80 percent of DCF adoption and foster care cases managed in the private sector until 1995.
- ❑ Lawsuit and consent decree - DCF turned full case management authority over to private providers
- ❑ Title IV-E waiver



Results

- ❑ Initial efforts credited with reducing the number of children in out-of-home care from over 51,000 in 1997 to 15,788 in 2007. Adoptions doubled in the first year.
- ❑ State shifted from a per diem foster care rate to a case rate, which was based on a caseload of 25 cases to every one caseworker. Today the state bases its case rate on a 15 to one caseload.
- ❑ Performance-based contracting in adoption and foster care expanded to other child welfare services.



Missouri



History and Structure

- ❑ 2005: Missouri privatized foster care management
- ❑ Implemented performance-based contracting
- ❑ Lead agencies receive a flat monthly case rate based on an average caseload; subcontract with other providers
- ❑ Performance goals tied to financial incentives



Michigan



History and Structure

- ❑ 2013 legislation to convene a workgroup on privatization and feasibility of performance-based funding for child welfare (Public Act 59 of 2013 Section 503)
- ❑ Kent County: privatized and streamlined services relying on 5 private, nonprofits
- ❑ State pays the complete cost of the daily rate to foster care providers
- ❑ County dollars redirected to front-end prevention services with the goal of reducing foster care population
- ❑ Performance outcomes closely monitored

Results

- ❑ Plan to be operational by October 2014
- ❑ Initial outcomes expected to be reported in FY 2016
- ❑ Must report to House and Senate Appropriations :
 - ❑ Costs or savings
 - ❑ Gaps in funding
 - ❑ Program successes
 - ❑ Challenges and barriers
- ❑ Recommended third party evaluator



Texas



History and Structure

- ❑ 2005: Senate Bill 6 mandated privatization of case management and all state foster care and adoption services by 2011.
- ❑ 2007: Senate Bill 758 dropped privatization of all foster care and adoption services; allowed a pilot program due to cost and time concerns
- ❑ 2013: Foster care system redesign
 - ❑ Lead agencies within specific regions
 - ❑ Only one contract successfully implemented covering seven counties
- ❑ 2014: Public Consulting Group recommends additional funding to improve capacity of lead providers in order for redesign to succeed
- ❑ 2015 Texas House and Human Services Committee recommends:
 - ❑ reforms be stopped
 - ❑ called for additional research to determine effectiveness of child welfare privatization efforts to date
 - ❑ pause privatization efforts in 247 other counties



Georgia



History

- ❑ 2014 Senate Bill 350 - Failed
 - ❑ Required DFCS to model Georgia's child welfare system after Florida's
 - ❑ Would have contracted out adoption, case management, family reunification and foster care to improve outcomes for children in the child welfare system
 - ❑ Contingent upon Georgia successfully applying for a Title IV-E foster care waiver (unsuccessful)
 - ❑ 2-year phase in period
- ❑ Amended to just implement a pilot program, which also failed

Results

- ❑ Privatization on hold
- ❑ 2014 created a Child Welfare Reform Council
- ❑ Council recommendations
 - ❑ Focused on child safety
 - ❑ Effective child abuse registry
 - ❑ Caseworker "panic button" in dangerous situations
 - ❑ Added performance and pay incentives to retain workers



Other States

- ❑ New York
- ❑ Ohio
- ❑ South Dakota
- ❑ Tennessee
 - ❑ Performance-based contracts
- ❑ Wisconsin
- ❑ Wyoming



Recent Changes in State Privatization

- Nebraska moving away from privatization
- Florida keeping the model; many child welfare reforms in recent years due to safety concerns, using predictive analytics and more data mining
- Illinois changed the caseload ratio for payment purposes
- Tennessee beginning to compare provider outcomes against one another to spur new competition



What do we know about what works

- ❑ National Quality Improvement Center on Child Welfare Privatization
- ❑ No rigorous evaluation of statewide performance-based contracting system
- ❑ Outcomes may improve, but difficult to determine the role of privatization



Key Considerations

- Accountability and oversight
 - ▣ Clearly defined metrics
 - ▣ Appropriate incentives and penalties to match goals
 - ▣ Administrative capacity
- Rigorous evaluation to identify what works
- Data sharing and data-informed decisions
- Continuous communication



Key Considerations

- Agency capacity and training, fiscal stability
- Clearly defined roles and levels of decision-making, including court involvement
- Stakeholder engagement
 - Providers, judicial branch, community service providers, parents, policymakers
 - Illinois Child Welfare Advisory Committee



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NCSL Child Welfare Webpage:

<http://www.ncsl.org/issues-research/human-services.aspx?tabs=858,51,16#16>

Additional Resources

Washington State Institute for Public Policy (WSIPP) <http://www.wsipp.wa.gov/>

California Clearinghouse on Evidence-Based Child Welfare

<http://www.cebc4cw.org/>

