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National Quality Improvement Center on the Privatization of Child Welfare Services

National Needs Assessment and Knowledge Gaps Analysis Findings

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Submitted by
University of Kentucky and Planning and
Learning Technologies, Inc.
Crystal Collins-Camargo Ph.D., Project Director
Vicki Wright, Federal Project Officer



QIC PCW Study Team

University of Kentucky

Crystal Collins-Camargo, Ph.D., MSW, Director and Principal Investigator

Jennifer Hall, MSW, Project Manager

Chris Flaherty, PhD

M.J. Wilson, MA

Planning and Learning Technologies, Inc.

Karl Ensign, MPP

Allison Metz, PhD

Elizabeth Lee, MA

Tiffany Allen, MSW

In Collaboration with and funded by

Children's Bureau

Vicki Wright, Federal Project Officer

and the QIC PCW National Advisory Board

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SECTION 1

Summary of Findings from the Needs Assessment and Knowledge Gaps Analysis

Because the Children's Bureau is interested in finding answers to questions about privatization of child welfare services, including the current knowledge and knowledge gaps about the challenges, successful strategies, lessons learned, and best practices, the QIC PCW implemented a triangulated approach to answer these questions and provide data upon which to select a focus for research and demonstration projects that meets the needs identified by child welfare professionals across the country. Data from the following activities were used in this selection process: deliberation by members of the QIC PCW Advisory Board, Key Informant Discussions with public child welfare administrators, targeted regional forums, individual and targeted group discussions, and an extensive review of the literature of child welfare privatization. Findings from each methodology used by the QIC PCW will be summarized to support the selection of the topical focus for the research and demonstration projects. The Appendix includes a more detailed summary for the primary methodologies.

Deliberation with Members of the QIC PCW Advisory Board

The Advisory Board includes representatives from public and private child welfare, privatization researchers, and national organizations with a key voice in child welfare. Each member was active in the process, which included developing methodologies for gathering data, establishing opportunities for data collection, interpreting findings, and refining the topical focus for research and demonstration projects.

Key Informant Discussions

The data collection process began in December 2005 with informal key informant discussions with public child welfare administrators. The QIC PCW successfully obtained information from 44 states and the District of Columbia. Discussions centered around seven key topics: 1) most commonly contracted services, 2) privatization defined, 3) privatization of the case management function, 4) plans for privatization in the coming year, 5) barriers to privatization, 6) discontinued efforts, and 7) information of interest to administrators on child welfare privatization.

All states indicated that they use contracts to provide direct services or administrative functions, most commonly for foster care; administrative functions, such as resource parent recruitment; support services to families, such as parent education; and in-home prevention services. While there was no consensus on the definition of privatization, it was distinguished

from traditional subcontracting in that privatization shifts more core child welfare services, transfers case management, and delivers results. These definitions were confirmed throughout the other methodologies as well.

Because participants wanted to discuss the transfer of case management or decision-making to the private sector, special attention was paid to this topic in the discussions. A small number of states outsource significant proportions of their service array, including primary case management (10%); some states have pilot projects or small-scale privatization of case management typically limited to a particular geographic region, such as an urban area (20%); while the largest group of states rely on traditional contracting arrangements in which public agency workers have primary case management responsibility (70%). Approximately 35% of the contracting states indicated that they had no plans to expand the role of private providers, and nine states indicated they have rolled back former privatization initiatives, most frequently due to unsatisfactory performance. Only one state indicated large scale plans to privatize in the next year.

The most common barriers cited by participants included a lack of capable providers; limitations in funding; union, agency staff, or political resistance; a lack of clarity on how to monitor quality services in a privatized environment; and prohibitive legislation. State child welfare administrators wanted to know more about: 1) comparative outcomes of public vs. privately delivered services, 2) cost analyses, 3) effective ways for states to assure quality and outcomes in the privatized system/contract-monitoring approaches, and 4) "Nuts and Bolts," information including performance-based contracting, rate setting, and incentives.

Targeted Regional Forums

Knowledge gained through discussions with state child welfare staff helped define the selection process for inviting specific states and jurisdictions and key participants to the three regional forums. It also helped define the need for in-depth discussions about readiness assessment, planning, and implementation with those experienced in privatizing child welfare services. They were invited to discuss these issues both retrospectively and prospectively so participants working in the field of public child welfare could learn more about successes, challenges, lessons learned, and best practices. Participants included state child welfare contract and program managers, private agency contract and program managers, and community stakeholder representatives from groups such as state child advocacy groups, child welfare researchers, private child care associations, and foster/adoptive parent associations. There were 79 participants from the above-mentioned categories.

Twelve states were selected to attend three regional forums. Their inclusion was based on the extent to which the state had privatized child welfare services, including four states that not only have the most experience with privatization, but also have privatized a significant portion of child welfare services: Florida, Illinois, Kansas and New York City. The second and third forums hosted eight states with more limited privatization experience: Colorado (El Paso County), New Mexico, Missouri, Wisconsin (Milwaukee County), Ohio (Columbus), Michigan, Pennsylvania (Philadelphia), and Washington, D.C. The QIC PCW included representatives

from state-administered, as well as county-administered services and programs, with varying models of privatization.

This summary includes valuable information on challenges, lessons learned, and proposed best practices in each stage of implementing the privatization of child welfare services. For the purpose of the knowledge gaps analysis, however, forum participants were asked to identify the most important themes in the assessment, planning, and implementation phases, which yielded the following synopses.

- **Creating a Vision.** Numerous discussions revolved around the importance of creating a shared vision in the public and private sectors. Leadership was seen as a critical component in making this happen. Open and ongoing conversations among agencies are necessary to create and maintain a shared vision. When implementing privatization, a shared vision allows each agency to be flexible in problem solving, so long as the overall vision is consistent. A shared vision also allows for developing and monitoring agreed-upon outcome indicators. The shared vision must be maintained beyond the planning phase, including the orientation of new staff and stakeholders. The impetus for initiation of the privatization is a key factor.
- **Engaging Key Stakeholders Early.** Identifying and engaging stakeholders early in the planning process is vital. Stakeholders include obvious players, such as courts, as well as farther removed entities, such as schools and mental health providers. Some stakeholders will need to be educated on the nature of the proposed initiative, while others should be involved in the planning and subsequent problem-solving processes during implementation.
- **Estimating Costs in the Planning Process.** It is difficult, but critical to assess the costs involved and the extent to which the state has funds available to pay for services that will deliver desired outcomes. Ideally, a thorough actuarial study would be conducted to establish case rates and appropriate decision-making for funding mechanisms.
- **Use of Data.** It is important to have reliable data for planning and developing relevant outcomes, as well as for tracking utilization-management and continuous quality improvement systems throughout implementation. The development and proper use of compatible data systems is also important in case management and tracking relevant outcomes.
- **Performance Standards.** Contract monitoring can become a particularly contentious issue, on both the systemic and case levels. Performance-based contracting is generally seen as desirable by both public and private entities, but implementing a workable model, with proper measures and incentives, is challenging. It is important to understand and define the “shared risk” (financial risk) between public and private agencies.
- **Trust and Communication.** Public and private players must feel that each is committed to mutual interests. Where a high level of trust exists, overly prescriptive contract language seems less necessary. Open and consistent communication is necessary to build and maintain trust. And focusing on flexibility and maximizing the strengths of both the public and private sectors can promote better child and family outcomes.

These lessons-learned represent important practice wisdom deserving of validation through more structured evaluation to inform the knowledge base.

Targeted Group and Individual Discussions

To gather the perspectives of key groups of stakeholders and partners involved in the public child welfare system, the QIC PCW facilitated a number of general discussions on topics pertinent to the privatization of child welfare services. Some discussions were in conjunction with meetings or conferences attended by groups of potential participants:

- *Private providers:* Child Welfare League of America and Alliance for Children and Families Conferences;
- *Public agency administrators:* conference calls co-sponsored by NAPCWA;
- *Tribes:* Meeting of States and Tribes sponsored by the Children's Bureau;
- *Judges:* 33rd National Conference on Juvenile Justice sponsored by the National Council of Juvenile and Family Court Judges, and judges from jurisdictions involved in forums;
- *Youth:* Kentucky Organization for Foster Youth (KOFFY) Youth Leadership Council and Florida youth;
- *Parents:* clients and foster parents engaged in the Florida system; and
- *Mixed:* Privatization of Child Welfare Services Conference held in Austin, TX, and the National Citizen's Review Panel Conference (included both citizen panelists and panel coordinators).

Because the groups differed in experience with privatization, and, in some cases, the perceptions of the group had already been gathered through other methodologies, two general discussion guides were developed. Summaries are grouped accordingly below. In addition to these group discussions, a number of national organizations with expertise were identified as potential sources of key perspectives to be engaged in individual discussions. A minimum of 191 participants were involved across groups (in the case of the NAPCWA calls, this counts 1 participant per participating state, although more than one was frequently present, and some states were represented but were not identified when initial roll calls were conducted).

These discussions strongly validated the data collected through other methodologies. The attached summary provides detail on the themes from each of the groups involved, including how the perspectives of various groups differed on some points. Some of the groups represented a unique perspective that should be noted. For example, tribal participants stated that there were serious implications for compliance with ICWA requirements when portions of the system are privatized, and that they should be involved in discussions about potential privatization, but seldom are. Judges expressed particular concern about the clear establishment of roles and responsibilities between public and private workers on the frontline, and how this will impact the functioning of the court system. Youths, parents, and foster parents said that they are often ill

informed on changes that will affect them, including privatization, and that issues of accessibility of frontline staff and consistency in policy and procedures need to be addressed. It is important to remember, however, that a limited number of participants from each of these groups were involved, so the ideas expressed cannot be assumed to be representative or comprehensive.

A number of themes, however, seemed to be consistent across the majority of these discussions. The definition of privatization needs to encompass the continuum -- from traditional subcontracting through case management of core services, and participants should recognize that the range of activities can be politically or philosophically driven. The key to success is assessing the readiness of both the public agency and the private provider community, as well as a lengthy and inclusive planning process. A number of fiscal and contracting topics were emphasized, including: the impact of federal funding streams; unique start up/transition costs and issues; the need for reliable data on which to base rates and funding mechanisms; the understanding of shared risk; and the need to establish approaches to contracting for flexibility in service provision while assuring quality.

Workforce issues were prominently noted, including: movement from public to private and the delineation and understanding of roles; transfer of knowledge; benefits of flexibility in personnel practices in the private system; and, recruitment/retention issues that are largely consistent across sectors. Partnership is clearly an important area for knowledge development. Partnership requires a paradigm shift for both public and private employees, as well as implementation of collaboration vs. competition. Monitoring systems also present particular challenges, and there is a need for data related to effective performance-based contracting systems, measurement of process and outcomes, ways to promote accountability without replicating bureaucracy, and effective communication systems. Participants noted that there are different implications and challenges for smaller vs. larger private agencies, and emphasized the critical role of community partners and the courts, both systemically and on a case basis. Throughout many of these discussions, participants noted how often political impetus for privatization significantly impacts the system, and strongly voiced the importance that decisions be focused on what will be in the best interests of children and their families. Both topics may require a paradigm shift in the roles and responsibilities of both the public and private sectors -- as well as the community.

In addition to themes already identified by states and jurisdictions during the forums, the targeted group and individual discussions identified these key areas for future knowledge development in the privatization of child welfare:

- 1) develop roles and responsibilities of public and private agencies in delivery of child welfare services in the direction of truer partnership,
- 2) emphasize contracting for performance and outcomes rather than contracting for services,
- 3) move toward evidence-based practice models on the case and macro level,
- 4) refine contract development and monitoring strategies to balance accountability, partnership, and positive outcomes without re-creating bureaucratic structures, and
- 5) use state and national experts to build on lessons learned and research as new initiatives are begun.

Summary

The array of topics for which there is a need for knowledge development in child welfare privatization is vast. Data sources for the knowledge gaps analysis were consulted regarding what the field needs in the area of privatization research and knowledge development. Participants most often sought a rigorous comparative cost process, outcome studies, and more rigorous evaluation of privatized service delivery. This sort of research is outside the parameters of the QIC PCW research and demonstration projects due to funding and study duration concerns. More amenable and feasible to the QIC PCW were a wide range of more narrow topics identified through various methodologies, which are captured in Figure 1 in the Appendix. In reviewing the data collected and relevant literature, four particular areas seem to be of particular interest to the field:

- The effectiveness of *performance-based contracting strategies* in promoting the achievement of mandated child welfare outcomes, and sharing risk and accountability.
- The identification of *contract monitoring mechanisms* that best promote the assurance of quality service delivery and responsible program administration, and fiscal mechanisms that promote accountability while facilitating a true collaborative, public/private service delivery system.
- The examination of *partnership dynamics* that best yield smoothly functioning, responsive, and effective service delivery systems involving public/private partnership, and that accomplish appropriate levels of shared decision-making and accountability.
- The development of appropriate levels of *engagement of external entities*, including the courts and community-based agencies, which enable inclusive and responsive service delivery systems.

It has become clear from a convergent analysis of the results of the needs assessment and knowledge gaps analysis that child welfare agencies that are currently privatizing services to children and families would benefit from research into ***innovative performance-based contracting and quality assurance systems***. Data collected in the QIC PCW assessment and literature review revealed that although performance-based contracting approaches have been refined in other fields, states are struggling with developing an approach that involves the best balance of financial incentives and disincentives to promote desired child welfare outcomes while managing the level of risk assumed by private providers and shared by the public agency.

States also struggle with selecting performance indicators and standards that respond to those outcome areas in greatest need of improvement, based on their Child and Family Service Review process. Of greatest interest to the field, however, is *performance promotion, or quality assurance process* -- not simply the components of the contract itself. Privatization initiatives involve a developmental process that begins with site readiness assessment and planning, and evolves through implementation. The data and the literature suggest that a number of practices throughout this process are promising and should be evaluated for their contribution to the achievement of positive organization, practice, and client outcomes, including:

- The statement of a shared vision that drives the initiative and is grounded in desired outcomes;
- An inclusive planning and contract negotiation process that involves both public and private providers, administrative and practice level staff;
- The engagement of key external entities, particularly the courts, which play a critical role in provider achievement of performance indicators, and the working relationship between the public and private workers on the frontline;
- The implementation of the contract monitoring process that balances appropriate levels of systemic and case-level review without micromanagement;
- Quality assurance and positive outcome-seeking systems of utilization management that engage administrative and field staff in creative analysis of practice and outcome data, linking cost effectiveness with evidence-based practice on the frontline that best promotes desired outcomes for families and children; and,
- On-going communication and management of the relationship between the public and private sectors that strives for true partnership in serving families and children, while recognizing the realities of the contractual relationship.

Evaluating the extent to which innovative performance-based contracting and quality assurance systems promote

1) the most effective integration of performance indicators of desired client/case outcomes with payment systems,

2) the achievement of a collaborative working relationship between the public child welfare agency and private providers, and

3) the greatest improvement of outcomes for families and children served by the child welfare system,

would be worthy outcomes of the QIC PCW's research and demonstration project efforts. The knowledge gaps analysis process highlighted a large number of other topics that the QIC PCW, in conjunction with the Children's Bureau and child welfare systems across the country, should be explored for on-going information-sharing, dialogue, and generation of contributions to the evidence base on which the field may draw.

SECTION 2

Findings from Key Informant Discussions with Public Child Welfare Administrators

Background, Purpose, and Methodology

Informal discussions were held with state child welfare administrators to gather basic information about the current state of child welfare privatization efforts and to identify knowledge gaps and barriers. The purpose of this work was to assess informational needs and methods to support privatization initiatives, and to direct future work of the Quality Improvement Center. All 50 states and the District of Columbia were contacted; 45 states¹ including the District of Columbia participated in the project.²

Findings

1. Most Commonly Contracted Services

- All 45 states used contracts to deliver a range of direct services to children and families (such as foster care, family support, or preservation services) and/or administrative support functions (such as recruiting and training foster parents or helping design state management information systems).
- The most commonly discussed contracted services were:
 1. Foster care services (especially residential care);
 2. Child welfare administrative functions (such as foster and adoptive parent recruitment and training, home studies, development and administration of state management information systems);
 3. Support services (such as parent education and training, substance abuse treatment, mental health counseling); and
 4. Prevention and in-home services (such as family preservation and support).

¹ Within this report “states” shall be taken to include the District of Columbia.

² These were: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, DC, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

2. Privatization Defined

State officials distinguished “privatization” from their traditional reliance on contracted services by the following factors:

- **Shifting More, and More Core Child Welfare Services:** shifting a larger segment of child welfare service, especially child protection or investigative functions, foster care, or adoption services to private providers;
- **Transferring Case Management:** giving providers primary decision-making authority over day-to-day case management; and
- **Delivering Results:** contracting for outcomes and/or the use of performance-based contracts.

3. Privatization of the Case Management Function

Table 1
Privatization of the Case Management Function

Level of Privatization	Operationalized Definition	States	N	%
Not Currently Privatizing Case Management Function	These states currently rely on public agency contracts for services on an ad hoc basis, and a state public agency worker continues to have primary responsibility for the case plan and its management. These states may have had some experience with contracting case management responsibility, but are no longer implementing this type of reform. This category also includes Texas, which is the only state with near-term plans for large-scale privatization efforts.	AL AK AR CA CT DE GA ID IN KY LA MA ME MN MS MT NC ND NH NM NV OK OR PA RI SC TX UT VA VT WA WY	32	71
Efforts Limited Geographically	These states are currently privatizing the case management functions for a target group of children or for a set of core services, but only on a geographically limited basis or for a specialized component of the child welfare delivery system.	AZ CO MI MO ³ OH SD TN WI	8	18
Large-scale Efforts	These states have large-scale privatization efforts involving the case management function (majority of service area).	DC FL IL KS NY	5	11
Total:			45	100%

³ MO is presently undertaking a pilot that will be expanded by 100 cases in 2006.

Table 2
Use of Privatized Case Management Services

State –Scope	Target Population
AZ one county	Children receiving adoption services
CO one county	All children and families receiving Child Welfare services with the exception of CPS
DC district-wide	Children receiving treatment foster care services
FL state	All children and families receiving Child Welfare services with the exception of CPS
IL ⁴ state	Children and families receiving Child Welfare services with the exception of CPS
KS state	All children and families receiving Child Welfare services with the exception of CPS
MI state	Children receiving foster care services and in some adoption cases
MO pilots	Select children and families receiving Child Welfare services

4. Plans for Privatization in the Coming Year

When discussing plans for the upcoming year, state officials seemed more focused on improving child and family outcomes generally, and complying with the Child and Family Services Reviews specifically, than on privatizing services. In the total group (45 states), only Texas discussed large scale plans to privatize direct services, including case management services in 2006. Missouri discussed expanding its current privatization efforts.

Several other states discussed plans to contract for discrete services or change contract mechanisms including:

- Contracts for IT support.
- Two states discussed expanding contracted foster care services where case management is shared between public and private workers.
- Two states will contract for large scale foster parent recruitment and training.
- Use of Performance-based Contracts: Three states discussed researching or initiating new performance-based contracts (PBCs). One state will use them for its new foster parent recruitment contract and pay providers the bulk of funds only after the family is recruited and a child is placed (this was done as the result of a prior, poor performing cost-reimbursement contract for the same service).
- One state is restructuring contracts to reward providers that increase the rate of reunification (they have already had great success with adoption rates) and encourage more community-based care. Rather than randomly assigning cases to providers, the state agency will prioritize private agencies with foster homes in a child’s own neighborhood to maintain school and other community ties. The state also wants to expand services in the neediest communities.
- Another state is restructuring the payment system for its foster care contracts, using a “step down” approach to “dis-incentivise” long-term placements.
- Other states have researched privatization efforts or changed state legislation to enable privatization of select services.

⁴ In IL and NY, while the majority of cases are under the care and supervision of private agencies, the public agency continues to have full case management responsibility for a segment of the caseload throughout the state.

- One state just completed a substantial study of the potential for privatization in their state, which will be used to guide further decisions.
- Another state recently met with representatives from Kansas and is now considering new directions.
- States badly hurt by Hurricane Katrina are considering at least temporary help through privatization.
- Another state recently passed legislation that allows the state greater flexibility in contracting some child welfare services. This state has also explored contracting strategies in Kansas and use of performance incentives.

5. Barriers to Privatization

Participants also discussed the barriers they faced when they considered privatizing services. Among those states that identified barriers to initial or expanded privatization efforts, the most common barriers included:

- A lack of capable providers to deliver the services;
- Funding limitations, based on the general expectation that privatizing services would be more expensive, at least in the short term, than the existing system;
- Union, agency staff, and/or other political resistance to privatization efforts;
- Difficulty controlling and/or unclear about how to monitor the quality of services delivered by a private agency; and
- State laws that restrict the delivery of services to the public system.

Sixteen participants, or a full one-third of those with whom discussions were held, noted that there was no interest in privatization at this time in their state. Two states had privatized services on a pilot basis and noted that there was no need or desire to move toward further privatization. Six states reported that they saw no barriers to privatization in their state.

6. Discontinued Efforts

In nine of the 45 states, participants discussed recent experiences with rolling-back some form of contracted service. Most of these efforts ended due to unsatisfactory performance when the private provider failed to produce the expected outcomes for children and families.

7. Information of Interest on Child Welfare Privatization

- The most frequently requested information involved “solid research” on the performance of private versus publicly delivered services with regard to outcomes. This was especially the case for those states that have not moved toward privatization. Participants were also interested in comparative successes within specific populations and/or systems.
- Participants were interested in a cost analysis of privatization (is it cheaper?).

- States that have not moved toward privatizing case management services and a few that have pilot programs are also interested in how to maintain control of quality and outcomes in a fully privatized system. What is the best way to monitor contracts and ensure quality services and positive outcomes?
- Finally, more experienced states are more concerned with the “nuts and bolts” of a privatized system, including interest in performance-based contracts, rate setting, and incentives.

SECTION 3

Summary of Findings from Three Targeted Forums

Description of the Data-gathering Process

The three forums sought input from four jurisdictions that have had extensive experience with privatization of child welfare services, and an additional eight jurisdictions with somewhat less, but still considerable, privatization experience. The jurisdictions were: Florida, Illinois, Kansas, New York (New York City), Missouri, Wisconsin (Milwaukee), Colorado (El Paso County), Michigan, New Mexico, Ohio, Pennsylvania, and Washington D.C. The primary goal was to gain insight from their individual privatization endeavors, as well as “lessons learned” from successes and challenges in the privatization process.

A total of 27 focus groups were conducted across three conference sites. First, participants were sorted into three groups based upon their general roles in respective states: members from the public child welfare agencies, members from private contractors, and “community stakeholders,” primarily a group of child advocates. Group discussions were directed toward accounts of the historical development of privatization efforts. The group reports are divided into separate sections so their perceptions can be compared.

After the role-specific groups were completed, “mixed groups” were formed. These groups were created by purposefully assigning a mixture of public agency, private contractor, and community stakeholder participants into three comparable groups. These groups discussed considerations that should be addressed as states move forward in privatization of child welfare services. This report combines responses from the nine role-specific and 18 mixed groups into two consolidated summary reports.

PART 1

Retrospective Role-specific Groups

The retrospective, role-specific groups were guided through discussions about assessing site readiness and plausibility, planning implementation, and managing reform, ongoing monitoring and oversight.

The following discussion summaries are followed by a list of themes that arose in two or more groups.

Public Agency

Assessing Site Readiness and Plausibility

This group discussed the reasons for privatization in their states and pointed out the challenges they encountered in assessing site readiness and the plausibility of privatization.

- **Impetus for privatization efforts.** Child fatalities often become an incentive for child welfare reform when lawsuits and settlement agreements dictate how services are created. Frontline challenges, staffing shortages, and media pressure can also be harbingers of change. When caseloads increase, but staff levels don't, a public agency may not have the flexibility to respond. Private agencies, however, can hire staff and respond more rapidly to issues. Group members thought there is a perception that the private sector can perform services better than the public sector.

One jurisdiction's incentive for change came from the Legislature, which was influential in implementing the privatization of child welfare services in the state. Another jurisdiction had a long history of providing privatized child welfare services, yet has recently made changes in their privatized system because of community identification of a need. A third jurisdiction with an extensive history of child welfare privatization implemented a regular examination of the agency experience and resources. Based on this information, decisions are made whether to pursue more contracts with private providers.

Challenges in Assessing Site Readiness and Plausibility

- **Distrust of privatization from communities.** Participants noted that in some instances, the perception of the community is that privatization will mean a shift in cost and responsibility from the public to the private agency. There seems to be a feeling that the state is shifting cost and risk to "get out of the business" and put the cost on the community.
- **Inequity among available private providers.** Participants commented that many potential private contractors differ in available resources. Many smaller community-based agencies may

have more innovative service delivery, but lack the needed resources to implement. Other non-profits are national in scope and have substantial endowments and more resources than smaller agencies. Many private agencies have closed because they did not have the internal resources to continue providing services. When agencies base the case rate on historical cost data – and if the agency spends a certain amount of money to provide services, that historical data becomes the case rate for the agency. Smaller agencies generally are more cost-efficient, and have fewer resources to provide services and, therefore, receive a lower case rate. One participant commented that the payment structure in their privatized system favors larger, older institutional agencies.

- **High-profile, single events causing state-wide reforms.** High profile deaths in some systems have resulted in sweeping, systemic changes, without the input of the child welfare community. These unexpected tragedies can quickly shift the philosophy of a current system and prompt changes for which both public and private child welfare agencies can be unprepared. Also, statewide system reorganizations can occur because of the failings of one jurisdiction, a situation that challenges and interrupts service delivery for the entire system. Participants noted that it is difficult to educate legislators to not respond to tragedies with a “one size fits all” approach.
- **Selecting a privatization model.** The state has to decide how to divide the state by determining whether a regional model or lead agency model will be selected, for example. These early decisions are subject to many changes. One participant said there is no standard model across his state, and the model in each of its 57 counties is determined by the needs in that area. In another state, the legislature largely determined the structure of privatization there. Participants also stressed that when deciding to privatize, the range of services that the public agency already provides needs to be considered. The structure of the current public child welfare system will impact how the services are relinquished to the private providers.
- **Unclear directives from the state.** In one state, the governor and secretary strongly recommended that the child welfare system move to privatization. Participants from this state said the implementation went rather quickly without the input of stakeholders. Looking back, they would have explained the implementation process to the public more, and given more guidance about the RFPs and cost to private providers.

Planning Implementation

Participants identified the following challenges to planning privatization implementation.

- **Enforced time frame.** An enforced time frame to implement privatization (usually prompted by the state legislature), can further complicate implementation efforts. Because the community is often opposed to privatization, it is important to address these issues to further implementation efforts. One state had an enforced time frame from their state legislature, but private agencies were able to extend this period because of strong opposition in some communities. The public and private agencies for these regions were able to build community trust and get the communities’ buy-in after a considerable amount of time (2 _ years for some).

- **Transition of roles and responsibilities from the public agency to private agencies.** It is a challenge to manage a transition, while still maintaining the value and diversity of the community. In a bureaucracy, it can be difficult to transition roles and responsibilities to a different organizational culture, so the public agency must develop trust in the private providers. To ease the transition process, one state implemented a huge pay increase for caseworkers and supervisors in the child welfare system overall. Because all responsibility for child welfare services moved to private providers, public employees, if they wanted to continue providing direct services, had to move to the private sector. The pay increase helped ease this process. In a transition process, policy and procedure manuals must be revised because of the shift in responsibilities. An organized structure such as private and public advisory boards who regularly meet for problem-solving can accomplish the task. As part of this process, lawyers should look at legal requirements for the public agency to determine what control the public agency can retain and relinquish.
- **Developing performance measures.** From an outcomes perspective, there must be very clear expectations or standards on what the public agency expects from the private providers. When drafting a contract, the public agency should state clearly that private providers will not be held accountable for poor performance that stemmed from a period in which the private agency was not responsible for the case. There should be two different measures for cases that were opened before privatization and those opened after privatization. Performance outcomes, ultimate outcomes, processes, and efforts should be measured. Participants also felt that performance indicators should reward providers that “think outside the box.” One participant thought there is too much emphasis placed on final outcomes without examining processes and service delivery of the private providers. They also thought outcomes should be annualized to analyze what agencies are doing each year, as well as over time.
- **Federal Funding Streams.** Private agencies face a number of challenges associated with federal funding. Federal funding streams become problematic when funds are passed along to community agencies. The state has to maintain the same structure to maximize funding from the federal government, but that funding structure doesn’t necessarily facilitate or promote the best outcomes. The challenge is to configure the dollar flow with a family focus rather than individual eligibility. Participants noted that this is a challenge for the entire field of child welfare, not just in privatized systems.
- **Stakeholders not included.** Key stakeholders (such as system consumers; biological parents; foster parents; schools, although they generally don’t want to come to the table, according to one participant; the mental health system; and the developmental disabilities system) are often not included in the planning process for privatization. The judiciary system, including district attorneys, must also be included and educated about the private providers’ new scope of responsibility. They may not understand who has legal responsibility of the child in the new privatized system.
- **Community Involvement.** In one state some regions were vehemently opposed to privatization, so the state had to work to keep dialogue with the community focused at a local level to keep them engaged. To accomplish this, the state scheduled regular community meetings that discussed how to improve the overall system, thus changing the focus from contracting issues to ways to improve outcomes and general systemic improvement. This approach prevented the community from

perceiving privatization as a shift of responsibility and liability from the public agency to the communities. The meetings evolved into an honest discourse about system deficiencies, with facilitators always focusing on what can be done to better the lives of families.

- **Private agency capacity.** When planning privatization implementation, the public agency needs to ensure that there is a network of competent agencies able to provide the contracted services. One jurisdiction formalized this process by creating a readiness assessment for all lead agencies before an agency is able to receive referrals. Each state representative in one discussion commented that private agencies are required to be accredited to contract with their states. It is both necessary and difficult to create a network of competent, willing providers for privatization. Many agencies did not want to accept the risk and liability associated with providing contracted child welfare services.
- **Changing Target Populations.** Target groups in the planning phase sometimes shifted and changed between planning and implementation, thus creating a challenge for states. Environmental factors and societal issues (e.g., the methamphetamine epidemic) that can be unforeseen in planning stages can also seriously impact populations in the child welfare system.
- **Legislature impact.** Top leadership, starting with the governor and state budget divisions must be educated so they are fully aware of the system's real issues and real needs, not just issues expressed by the media. Legislative decisions can often impede service delivery. Unfunded legislative mandates, especially, are challenging because they often require systemic changes but provide no funds, thus seriously compromising the health and sustainability of private providers.
- **County-administered systems.** In county-administered systems, counties don't have a direct line to the legislature, thus creating difficulties in addressing issues and problems. In one state, the extra layers of government added for county-administered systems impeded the provision of services. State-operated child welfare systems are in a more beneficial position, with a "direct connection" to the legislature.
- **Urban and non-urban dynamics.** The Child and Family Service Reviews brought to light differences in urban and non-urban areas. Urban and non-urban service delivery should be examined and set up differently. The structure of service delivery and the privatization model should address these differences.
- **Public agency worker readiness.** Many public workers whose roles change, especially in systems where all child welfare services were privatized, did not want to give up the responsibility of their cases to private providers. The grief process that workers experience has to be acknowledged. Also, some public workers sabotaged the work of private agency workers. In response, one state encouraged workers to move to the private sector to ensure that the private sector would have qualified, experienced workers.
- **Workforce/Human Resources Issues.** One highly-privatized jurisdiction had sensitive human resources issues that developed from privatizing the child welfare system. Many public workers were concerned about losing the retirement and fringe benefits from their public sector jobs. The state agency and private providers dually interviewed new hires with an understanding that

workers would eventually be employed by the private providers. The public agency also encouraged public workers to move into the private sectors once the transition was complete.

Managing Reform: Ongoing Monitoring and Oversight

Participants identified the following challenges in ongoing monitoring and oversight.

- **Common philosophies and approaches to service provision.** There have been some inconsistencies in service philosophies. The public agency might see reunification as a priority for the system, but private providers may favor adoption or other forms of permanency. This disconnect can cause tension between the public and private agencies. Mandates and initiatives promoted by the public agency don't necessarily change how frontline staff practice.
- **Transition of public workers from case workers to case monitors.** In cases of shared case management or one-on-one case monitoring, public workers had trouble giving up their responsibility to a private provider. It was difficult for some public workers to move from providing direct services to monitoring.
- **Changes in current monitoring systems.** An evolution from initial over-monitoring by the state agency became a more targeted, system-level monitoring as trust grew between the agencies. In some jurisdictions, lead agencies have taken on more monitoring responsibilities. A general trend toward more focus on "outcomes" monitoring (e.g. safety and permanency measures), and less on "processes" (e.g., number of contacts) has also occurred.
- **Data systems.** In monitoring, it is imperative that the state and private providers address technology capabilities and the ability to collect, interpret, and analyze data. Private providers must have the ability to use the Statewide Automated Child Welfare Information Systems (SACWIS). The state has to determine what data it wants to collect and ensure the reliability of the data. Also, in monitoring, the state and private provider information systems need to be coordinated to appropriately review and retrieve data.
- **Developing a system for client complaints.** The state needs to establish a system that addresses client complaints. One state agency found that dissatisfied clients would always direct their complaints to the state, without addressing the private providers first. Creating an integrated system that solves problems in the privatized system has been a challenge.
- **Establishing minimum standards of performance across the state.** There should be minimum standards of performance statewide. Although it is a challenge to support innovation, autonomy, and flexibility while still maintaining a performance baseline across the state, guidelines that each private provider has to adhere to must be established. Continuous quality improvement and assurance should also be in place.
- **Contract transitions.** In planning for privatization, one jurisdiction did not consider the impact that contract transitions would have on the system. It has been a struggle for the state to make sure families are not lost in the new procurement process and to prevent private providers from

“dropping families.” Also, youth in independent living need to be made aware of contract transitions to prevent their further disenfranchisement from the system. These challenges became evident after the state’s first round of contracting was complete and state representatives noted that transition periods between contract periods have had a notable impact on families.

Private Agencies

Greatest Challenges with Assessing Site Readiness and Project Planning

- **Lack of mutual understanding.** To successfully privatize direct services, private and public agencies must be more knowledgeable about each other’s systems and the knowledge gaps in each. In fact, they know very little about each other (goals, constraints, mandates, capacity).
- **Must clarify roles.** When making the transition, it is first perceived to be a transfer of work, where, in fact, it is a transformation, in which the state’s role changes from direct service provider to contract manager. Appropriate roles must be planned.
- **Readiness assessment step shortchanged, particularly for the public agency.** In one state, there was no readiness assessment with the initial demonstration. However, lessons learned were applied in the county-by-county assessment conducted in subsequent implementations. These assessments, however, primarily focused on the “readiness” of the private agency, not the public agency.
- **Include others in assessments.** Another state did not conduct much assessment or planning prior to implementation and should have included federal agencies in planning discussions. Medicaid is still claiming issues today – as much as \$40 million cannot be claimed in Medicaid funding (deferments).
- **Deeply involve public agency in the change process.** In one state, privatization was initiated by the Secretary of DSRS, not by the department as a whole. A private provider thought this contributed to private providers’ cash flow issues and public agencies’ micromanagement that contributed to private agencies going bankrupt or out of business within the state.
- **Consider political leadership for and against privatization.** One state was moving toward privatization, but when political leaders lost office, the state rolled back the proposal.
- **Lack of quality, cost, and caseload data.** In 1999, one jurisdiction with a long privatization history issued a new RFP and, for the first time, had to re-compete existing contracts. Administrative data used to support caseload projections, budget plans and contracts was very flawed; the private agency’s data systems were generally much better than the MIS maintained by the public system.
- **Capacity of small private agencies to successfully compete.** The public agency must look at resources devoted to bidding on contracts. If the state wants more community-based agencies to enter system, it must be aware that community-based providers may not have resources to

compete with larger, better funded agencies without special considerations and resources. This theme surfaced in every group discussion, across the three forums.

- **Quality assurance as opposed to less meaningful paperwork checks and micromanagement.** The public agency must look carefully at the “real” benchmarks that the private agency is encouraged to achieve, and ensure they are in-line with public agency expectations.
- **Flexibility in contract enforcement.** The public agency must be more flexible in enforcing contract expectations because, while the private agencies have some control over what happens once children enter care, the public agency controls inputs (the number of children entering).

Implementation Challenges

- **Setting a reasonable implementation timeline.** It is important to set a mutually agreed upon timeline for implementation that includes all necessary steps. Give providers at least six months between contract award and implementation. The general consensus across most groups was that 12 to 18 months are needed to conduct the entire planning process, from concept to implementation.
- **Start-up funding.** Immediately upon contract award, private agencies need start-up funds to build the infrastructure necessary to serve children. This is particularly true of small private agencies.
- **Clearly defined chain of command and communication channels.** Private agencies need to be clear about who in the public agency they are working with and to whom they are reporting.
- **Ongoing and structured communication necessary.** Public and private agencies and service provider networks if used, should have structured and ongoing communication. In one privatized state, all private agencies serving as regional lead agencies, and their public agency counterparts, meet monthly to discuss and resolve issues. This was described as a “vigorous forum,” where people can work on issues and re-examine assumptions including how the system uses incentives versus dis-incentives.
- **Consensus on important outcomes and a workable quality assurance process.** As implementation progresses, there is a natural tendency to continue to add outcomes for which private agencies are responsible, without subtracting those no longer most relevant. Public and private agencies must reach consensus on the definition of outcomes and the best process to achieve the outcomes. This also includes sorting out roles of public and private agency staff.

States must be clear about what they want to buy and also make sure that the services are in line with federal expectations. In some jurisdictions, the CFSR findings drive contract language.

Sometimes the outcomes for which private agencies are held accountable are unrealistic and extend beyond traditional child welfare outcomes, e.g. mental health and other well-being issues that don’t fall directly under their control. In one state, child welfare regulations require a child assessment

within seven days, but the community mental health agencies on which child welfare relies have 14 days to complete an initial mental health assessment, making it impossible for private agencies to meet the seven-day requirement. CBOs are expected to leverage these community-based services, but they do not have the same clout as the public agency in coordinating care across systems. It would be helpful if the public agency brought all systems to the table and encouraged and facilitated these relationships. This would go a long way in ensuring the outcomes that private agencies are all required to meet.

In some cases, the public agency asks private agencies to move into new communities (e.g., inner city, rural parts of state), but it is difficult to hire qualified staff in these areas. The public agency should ask if this is what works best for children and families.

Another issue is that the public agency micro-manages service delivery, including staffing decisions, referrals to certain CMHS organizations or therapists.

- **Private agency accreditation.** Several jurisdictions require that their contractors acquire accreditation. It is a standard of best practice, but some agencies find the process difficult to negotiate.
- **Lack of mutual understanding.** Many private agencies still do not fully understand claiming eligibility issues for Title IV-E.

One state has formed a public/private Child Welfare Advisory Committee with several subcommittees on important topics to plan for change and address new challenges as they arise.

Community Stakeholders

Assessment of site readiness and plausibility

- **Underestimated magnitude in time and effort.** Community stakeholders stated that the magnitude in time and effort required was underestimated in assessing readiness and plausibility of privatization. There was initial difficulty in determining an appropriate balance between developing standardized guidelines for accountability and allowing for flexibility within the local contract agencies. Some stakeholders felt that more standardization of practice was needed.
- **Re-inventing the wheel.** Some stakeholders felt it would have been helpful to have known the history and experiences of other states early in the planning process, so as to avoid duplicating mistakes.
- **Defining terms.** Several community stakeholders raised the concern that there is little agreement about what the term “privatization” really means. Some felt the term carries a stigma, and terms like “reconfiguration,” “outsourcing,” and “community involvement” are more typically used in their states.

Planning Implementation

- **Assuming Community Capacity.** One state made a misassumption that community capacity was adequate to handle privatization, but found that this wasn't the case in many areas. The state has since developed a readiness assessment process, but concern remains that little competition exists in specific areas and within certain service sectors.
- **Contractors need financial savvy.** There was general group agreement that some private contractors lacked the financial savvy to manage the complexity associated with state contracts. An experienced and competent chief financial officer is necessary for the private agency to manage the process. Agencies with knowledgeable CFOs can often "pull down" additional funds from various sources to supplement their operating budgets. Some agencies have begun to outsource their fiscal management responsibilities in order to increase effectiveness.
- **Delegation of authority and responsibility.** One particularly important issue to consider during the planning phase is to what degree will the contractor be given authority and responsibility. Will the contractor have exclusive control of case management or will this remain with the state agency? Or, will responsibility be shared by paired state-private agency teams of workers. The latter arrangement has created destructive competition and blaming between the state and private contractor.
- **Competing for employees.** It is important to anticipate potential workforce problems that could arise from privatization. For example, are pay and benefits equitable for state and contract employees? If state workers transfer to private agencies, are their benefits transferable? An unintended consequence for one state was a substantial initial migration of workers from the state to the private sector.

Monitoring and Oversight

- **Continual readiness assessment.** "Readiness" is an ongoing consideration, not just in the initial planning phase, and communication among various levels of the child welfare agency and the private contractor is important.
- **Over-monitoring.** Some private contractors complained of over-monitoring by the state, while some state agencies struggled to establish an effective and reasonable oversight process. One specific question was to what extent the state should pressure an underperforming contractor when no viable alternative provider exists within the area.
- **Need quality audit instrument.** It is important for the state agency to develop a quality audit instrument and incentives for contractors, as well as various correction levels for non-performance.

Themes Common to Multiple Role-Specific Groups

- **Loaded terms.** For many people, the term “privatization” carries negative connotations and can be interpreted as an attempt by the state to abdicate responsibility for child welfare. Consequently, other terms such as outsourcing, reconfiguration, and community involvement are preferred by some. Instead of public vs. private service delivery, states are better served by asking how best to actualize the community’s potential, both public and private, toward providing the best response to child welfare issues?
- **Community readiness must be assessed.** It is critical to conduct a thorough and honest assessment of community capacity. This includes quantifying the number of service providers available, as well as their capacity to assume the fiscal tasks associated with expansion and management of large state contracts. Also, readiness assessment should be an ongoing process, not just something done at the front end of privatization planning.
- **Develop an effective monitoring plan.** Deciding how accountability will be monitored requires productive and ongoing communication between the public and private agencies. The process must be both effective and efficient. Relevant indicators should be identified and tracked; “micro-managing” must be avoided. It is likely that initial monitoring and audit plans will have to be refined over time.
- **Workforce Impact.** Disparities between public and private systems in terms of pay and benefits can cause deterioration of worker morale, and mass migration of workers from one entity to another. There was no firm answer to this problem, but consensus held that this is something that should be carefully considered during the planning process.

PART 2

Prospective Mixed Groups

This section summarizes themes from eighteen focus groups composed of public agency, private contractor, and community stakeholder representatives. General themes are consolidated.

Assessing Site Readiness and Plausibility

- **Costs.** The decision to privatize will not necessarily be less expensive. The challenge will be having adequate resources to affect real systems change and to create new initiatives to promote change. Most participants did not see privatization as a means to save money. But many felt that it did have the potential to improve services to children, either through increased fiscal flexibility or by creating a mechanism to access more total funding to be directed toward child welfare.
- **Personnel Issues.** The public agency must address personnel issues that may arise from a new privatization effort. Issues may occur with unions; public workers' general fear, apprehension, and grief over losing their jobs; and retirement benefits for public workers who lose their positions.
- **Changing Mindset and Culture.** The public agency should acknowledge its bureaucratic organizational culture and understand that this culture should be adapted to accommodate the new child welfare privatization structure. The public agency should also identify people who will be directly involved in facilitating change in the public agency (from direct line to top administration staff) so there is full understanding of the changing roles.
 - **Define or Redefine Roles.** What's failing in the system? What are the state agency perceptions? How much or how little do public and private agencies know about each other?
 - **Shared Case Management.** Some experiences show that it causes competition and finger-pointing. Some jurisdictions have done away with the shared case management, and others are hoping to do so in the near future.
 - **Joint Training on Roles.** Specific joint public/private training aimed at defining roles and responsibilities works because the people involved have to start working together.
- **Political Will.** Whether there is a legislative initiative for privatization or not, implementation can depend on the political will for the effort. State government also has to be willing to fund the initiative well enough to support the efforts of the public and private sectors. Underfunded initiatives inhibit the process. Political stakeholders must be fully educated on the fiscal implications of the initiative and their preconceived notions or assumptions addressed and clarified.
- **Build Relationships.** Consider a several-day retreat for public and private agency staff to discuss funding, accountability measures, and contracting. Engage community stakeholders to keep them informed and engaged in the process.

- **Communicate a Vision.** Leadership must advocate a vision to private players, possibly by creating forums for discussion.
- **Information Systems.** Several jurisdictions initially had problems with information systems. To avoid similar problems, identify the purpose of the system (counting, case management), the compatibility of the public and private systems, and contractor familiarity with SACWIS.

Provider Capacity

- **Assessing Community Readiness.** One state conducted a series of regional meetings with politicians, stakeholders, foster parents, providers, and community members to get a sense of the political map of areas where privatization was desired. Some areas did not want privatization, so more time was taken to develop networks and build community trust. In areas where there was more interest in privatization, implementation began first. Participants from another state thought the public agency's hasty privatization implementation process was intended to limit resistance. Some participants felt a lengthy process would have allowed the opposition to organize and possibly derail the process.
- **Shared vision.** Know your contractors to ensure they share the public agency's vision and priorities (e.g., keeping children in the same community as much as possible; being committed to a competent, diverse staff, etc.).
- **Competition.** Discussions frequently centered around two main themes: a lack of provider competition in some areas, resulting in limited opportunities for privatization; and *unhealthy competition* in other areas, where large contractors push smaller community agencies out of the competition or undermine trust among private competitors.
- **Not Enough Competition.**
 - **Urban vs. Rural.** Rural communities tend not to have enough qualified providers. Fewer state resources also make it difficult to provide services to cover such a wide area. In states with large rural areas, privatization efforts tend to be more prevalent in urban, condensed areas, and there may not be enough resources available to implement projects in the rest of the state.
 - **Healthy vs. Unhealthy Competition.** When large, often nation-wide, private agencies push aside smaller, community-based agencies, there is a risk of losing "cultural competence." Some public agencies tend to look favorably on larger private agencies because of their existing infrastructure. However, the public agency has a responsibility to include community-based agencies, even if it requires more investment from the public agency.

Relying on a couple of very large contractors places the public agency at the mercy of the contractors and could result in difficulty enforcing standards.

Because child welfare is values-driven rather than profit-driven, the challenge is to develop healthy competition that promotes efficiency and best practices, and to avoid unhealthy competition that undermines trust and communication.

One jurisdiction took specific steps to level the playing field by changing disparities in how contractors were paid and endeavoring to keep contractors from putting one another out of business.

Some jurisdictions reported positive working relationships among private contractors, mainly attributable to ongoing communication and the realization that the interests of the public agency and private partners are intertwined.

- **Variation in Provider Capacity.** Because providers have varying degrees of funding and experience, smaller providers often cannot compete with larger providers.
- **Spectrum of Care.** Many available contractors have great expertise in mental health care, but are unequipped to provide many other child welfare services. One contractor initially had to sub-contract many services, but the agency has since increased its own capacity to reduce costs associated with sub-contracting.
- **Fiscal Management Knowledge.** Many private agencies lack the fiscal management knowledge to assume the task of managing large state contracts. This is especially true for smaller agencies. And many agencies of all sizes are unprepared for dealing with the massive regulatory requirements inherent to child welfare services.
- **Public/political Assumptions about the Cost Effectiveness of Privatization.** While some states believe that privatization is a cost-effective, cost-saving measure for child welfare systems, others believe the assumption is erroneous. One state representative said that privatization efforts cost twice as much as providing public child welfare, but that services and outcomes had improved.
- **Start-up Funding.** In some jurisdictions, start-up funding was provided to contractors. In one state, funds were specifically appropriated for start-up. Start-up funding made it possible for contractors to purchase tangible items not originally taken into account, such as desks, chairs, and equipment. Start-up funds were particularly important when the state wanted smaller contractors to participate. The average cost for each county or region was \$1 million.
- **Formalized Readiness Assessment Process.** One state's experience developed into a formalized assessment process called the Community-Based Care (CBC) Readiness Assessment that determines the lead private agency's readiness in a particular region. The assessment also addresses issues in both the private and public sectors. Peer review teams of four or five people comprehensively review state and lead agency readiness using the state-developed tool two-to-six months before the private agency begins delivery of services. Community stakeholders (e.g., courts, child advocates) are included in peer review teams and their input helps get community buy-in. The tool is largely based on the private agency's accreditation process framework. Implementation does not begin until the lead agency scores well enough and addresses all the pertinent issues on the readiness assessment.

When developing the CBC Readiness Assessment, the creators put together a work team (lead agency staff and provider staff), and used an accreditation framework customized to fit the state's situation. The tool and peer review process was pilot tested with peer review teams, people from the Child Welfare arena, and district administrators.

Involving stakeholders

There was broad consensus that involving key community stakeholders is vitally important. Depending on how well this was done, there were wide variations among jurisdictions and in the resultant consequences.

- **Community Meetings and Forums.** The general child welfare community needs to be involved. One state began by working with community groups and potential service providers at a local/community level. Over time, different specialized groups evolved to center on ancillary and primary services, providers, and stakeholder/community groups, such as CASA and GAL. All became integrated members of the core team. Widely publicized community forums were held, which helped produce the overall design for service delivery under privatization in a particular community. In one state, the planning process of involving the community was overseen by a partnership of private and public agencies (included state representatives from mental health, juvenile justice, schools, and health departments). Overall, flexibility is needed and adjustments will be made across local areas based on different environmental areas, and different community needs. The up-front buy-in of the community will determine how much time must be devoted to implementation.
- **Include Legislators and Key Government Officials.** Include legislators, those involved in state budgeting decisions, and people who are invested in the child welfare system at the community and state levels. Make sure these stakeholders are well educated and understand the realities, as well as the dynamics, of the child welfare system.
- **Include the Education System.** The education system is essential to the planning process. Although schools may often be left out of the process, schools are a key factor in a child's success, especially one in the child welfare system. Schools should be at the forefront of planning for child welfare services.
- **Include Community Funders.** Private agencies with private endowments and funders should educate their investors and funders about the privatization effort. A lead agency provider convinced their funders to sponsor certain components of their services. In another state, however, privatization had an adverse affect. The lead agency's private providers were seen more as big corporations and extensions of the states, so less money was given to the private providers by their traditional donor base.
- **Unions.** Public sector unions are major stakeholders to consider.

- **Minority Groups.** Minority groups can be strong supporters if their cultures, languages, race, and ethnicities are respected. Ask for their opinions, and be sure to employ qualified and ethical interpreters when communicating with people from different cultures.
- **Other Public Agencies.** Review the services provided by other state agencies to find ways to integrate our services with theirs. The review can also show instances in which other agencies are providing services similar to ours. Our clients are often also receiving services from the health departments and corrections facilities.
- **Other Stakeholders.** Child advocates, American Indian tribal leaders, faith-based organizations, Anne E. Casey foundation, other foundations, law enforcement, university partners, independent researchers, families, private agency boards of directors and mediators (to facilitate certain processes).

Planning Process

- **Determining Which Services to Privatize.** Considerable variation exists among jurisdictions in the amount of services privatized. The most commonly contracted service is foster care. Highly-privatized jurisdictions contract the majority of case management and treatment services. All jurisdictions maintained investigations in the public agency. Participants felt that the public expects the state to be responsible for investigation. A private provider said that investigation would be a difficult service for his agency to assume.
- **Selecting a Privatization Model, Structure, Services and Scope.**
 - Existing agencies vs. agencies formed to bid on the contract
 - Lead agencies, some have parent organizations
 - County-based models
- **Process.** The *processes* by which decisions to privatize particular services were made varied greatly. Some state agencies resorted to privatization in response to external forces (e.g., court action due to poor performance by the state). Or, the state agency saw privatization as the only viable way to add resources, since state payroll couldn't be expanded. Other jurisdictions made the decision to privatize in a more deliberate fashion, typically motivated to improve services by increasing the capacity of community agencies.
- **Include Multiple Providers.** Include many private agencies early in the planning process. Smaller agencies will likely be shut out if their first knowledge is receipt of the RFA, but they may be able to think of ways to build capacity and compete for contracts if given time to plan. Larger agencies may need time to sell the idea to boards of directors, who may be wary of the perceived risks associated with child welfare work.
- **Necessary Components of the Planning Process.** Decide how to choose providers and the mechanism for making those choices. The public agency should support the differing types of service delivery that may come from a community base. If the public agency is not willing to

support and encourage this type of service/provider, privatization may simply be a replication of the public agency.

- **Determine the Process of Transitioning Contracts.** Transitioning contracts from the public agency to private providers and from one provider to another when a contract has ended is extremely disruptive to service delivery, network providers, and all systems involved in the case. The environment created among competing private providers inhibits collaboration efforts and information-sharing. Be sure to address this problem when planning privatization.
- **Have a Strategic Planning Process.** There should be a deep understanding of trends when projecting demographic, caseload, and environmental issues. Participants believed that there are no strategic planning models in child welfare that can be used appropriately, but they felt that current models used in other fields can be customized to be relevant to child welfare.
- **Collaboration with Federal Government.** Bring the federal government and their regional offices into the process of developing a privatization model. A collaboration talking point can be methods of de-categorizing funding streams so private agencies can have more flexibility to spend child welfare dollars. Participants agreed that this is not simply a privatization issue, but also a child welfare issue overall. There is a research gap on flexible funding and its impact on service delivery and child welfare outcomes.
- **Address People’s Perceptions/Assumptions/Concerns.** The public and stakeholders may feel that privatization will be a cure-all for tragedies and service gaps in the child welfare system. The reality, however, is that crises and tragedies will still occur whether the child welfare system is privatized or not. The difference in a privatized system will more than likely reside in a faster response by the system, an increased ability to make needed changes, and more flexibility to address gaps in services. In the process of planning for privatization, the state needs to market issues to address people’s perceptions and assumptions about what privatization will achieve.
- **Flexibility.** Initial plans have to be “adaptable” because there will be changes, phases, and processes. The contractors should be innovative.
- **Length of Planning Process.** Approximately 12-18 months should be spent on the planning process to sell the privatization concept to key internal and external players, assess community capacity, establish working relationships with potential providers, create a useful request for applications procedure, and establish contracts. Although many jurisdictions did not have the luxury of planning in this way, all of these things must, nevertheless, occur. The only question is whether they occur in a deliberate, structured manner, or in a crisis mode after contracts have been rolled out. Planning doesn’t stop with the issuance of contracts, but is an evolutionary process that should be ongoing. Inevitably, lessons-learned will have to be used to improve the process.

Contract Payment Structure

- **Specific Models.** Payment structures described by participants fell into five general categories:

-- **Case Rate.** The private provider receives a set rate per child (or family) served. The rate is independent of the level of need for a specific case. The hope is that low-need cases will counterbalance the high-need cases. In some jurisdictions, there is an “overrun protection” in which the state will “bail out” the provider for exceptionally expensive cases. In one jurisdiction where this was used, it was eventually discontinued. Without such protection, however, small providers are at risk from high-need “outliers.” A reasonably high caseload is needed to ensure balance.

-- **Layered Case Rate.** This payment structure is similar to the case rate, but each case is categorized into a “need level,” usually one of three categories. The rate for each level is set in the contract.

-- **Capitated Rate.** In this model, the contractor is paid a flat fee (e.g., per month) and receives a certain number of referrals from the state agency. Although states are often uncomfortable with this model, they turn to it out of a need for simplicity.

-- **Dynamic Caseload.** In this model, the contractor is paid a rate for a group of cases (e.g., 13). The provider can reduce costs by moving some of these children to permanency early. The provider would continue to receive the dynamic case rate for the “set” of cases for a specified timeframe.

-- **Mixed.** One jurisdiction has set rates for certain services, but performance-based payment rates for others.

- **Risks.** In addition to the risk created by high-need cases, other financial risks were discussed. Many contracts require permanency within a specified time. If the provider doesn’t meet the date, it continues to provide services to the child without further reimbursement. There may be a similar penalty for “bounce-backs,” cases in which a child returns to the system soon after reunification (e.g., 18 months).
- **Incentives.** Some private providers complained that the system was too punishment-driven, and had little in the way of incentives built in. A small exception was noted in the dynamic caseload model discussed above. Private providers would like to be able to reinvest savings created by efficiency toward expansion, or improvement, of services. A public agency director said this would be hard to sell to the public, because the public still sees this as a state function.
- **Level of State Funding.** There was some variation in the level of funding that contractors receive from the state. Some reported being fully-funded, while others said their agencies had to supplement through fund raising. One agency is only able to work with the state contract by receiving supplemental support from the agency’s foundation. One public agency representative said that the ability to raise funds is a private sector strength, and should be used as a cost-matching mechanism. Jurisdictions under court order for transformation tended to fully fund their contractors.

- **Actuarial Data.** Due to the very high cost of conducting sound actuarial studies, the state agency normally has little knowledge of its own service costs, thus drawing contractors' questions about whether they should accept rates that aren't based on actuarial data.
- **Communication and Trust.** In terms of contract payment structure, where a high level of trust exists between the public and private agencies, there is more comfort in accepting terms that may be based on misassumptions, knowing that the public agency will work with the contractor to address problems as they arise.

Other Issues that surfaced

- **Risk Sharing.** Risk sharing should be addressed when determining payment structures. Risk for private agencies is determined when states decide on a caseload-wide payment, or the payment-per-child model. When there is no control of the front load -- or on how many children enter the system with a caseload-wide payment structure, the private agency is at heightened financial risk. The funding mechanisms need to be predictable.
- **Increases in Revenue.** States need to determine how to justify increases in revenue once funding has become equalized across the state. Strategies should be developed on how to increase the amount of public child welfare dollars for improvement and, ultimately, investment into the system. There is always an understanding of decreasing dollars, but the system should be prepared for allowing the increase of revenue.
- **Unanticipated Costs.** One funding model does not fit all. For example, private agencies have to pay workers more to go into a distant community, and some communities require more expensive service packages.

Establishing Performance Standards, Measurement, and Evaluation

- **Processes vs. Outcomes.** Participants were in almost unanimous consensus that outcomes are the most appropriate measure of performance and are at the heart of performance-based contracting. Most jurisdictions measured outcomes, as well as some processes.
- **From More to Less.** Over time more restrictive contracts and monitoring systems tended to become more streamlined versions, primarily as trust increased between partners. In all cases, the change to less proscriptive contracts and evaluations was seen as a positive event. Focusing on a few important outcomes encourages more creativity in service delivery on the part of the contractor, and creates fewer burdens on the evaluators.
- **Typical Measures.** Findings from the Child and Family Services Review were critical to establishing relevant outcome measures. Most jurisdictions had done some evaluation of safety and permanency, but of the two, permanency seemed to drive the most rewards and penalties (mainly penalties). Child well-being was seen as important, but difficult to measure. One agency

wanted to include as least some measure of well-being, such as educational achievement, but the public agency refused.

- **Specific Measures.** These included frequency of face-to-face contact, the number of moves during placement, reunifications, kinship placements, open case maltreatment rates, and other negative events.
- **Specific Performance Indicators Recommended by Participants.**
 - Reunification
 - Recidivism
 - Length of time in care
 - Which services were provided and which families succeeded
 - Longitudinal measures of family well-being over time (acknowledged that this is difficult)
- **Knitting Together Revenue and Outcomes.** It is important to tie revenue to (contractors with) good outcomes, which need to be more explicit than they historically have been.
 - Must be able to produce “real-time” data from which to assess performance
 - Number of outcome measures should be minimal
 - Standards should be clear and pertinent enough to use as performance measures
 - Need to value qualitative data from agencies and aggregate measures of success
- **Risk adjusted.** Healthier child welfare systems give incentives for permanency (separating out adoption and reunification), and let the system work it out in different ways on a local level. Creating separate adoption and reunification goals allows child welfare systems to take realistic looks at where the families and children are. In turn, agencies are not penalized for environmental or human factors that are often out of their control.

Contract Monitoring

- **Less Is More.** As public/private partnerships mature, trust increases and allows for less proscriptive contracts. More streamlined contracts promote creativity on the part of the contractor.
- **Contract Components.** There should be considerable negotiation about the specifics of the contract during the planning process. Corrective actions should be specifically defined. Outcome measures, as well as targets for these measures, should be specified. Contracts should identify the populations to be served, the services to be provided, and federal and state regulations that must be followed.
- **Contract Issues.** In some jurisdictions, the state provided start-up funds to contractors; in others, not. It was difficult for small contractors to absorb the costs of start-up. The contract monitoring process was difficult in the beginning, but frequent leadership conferences helped to resolve problems.

- **Staffing Requirements.** The nature of contract monitoring is resource-intensive. One private agency CEO said three staff members are dedicated to managing two state child welfare contracts. A public agency representative said it was difficult to get QA positions funded.
- **Internal vs. External.** Some public agencies have opted to contract only with “credentialed” agencies. These agencies have built-in QA, and can do most of their own monitoring. The state continues to oversee program-level issues, but leaves case-level monitoring to the contractor unless a specific event warrants state scrutiny.
- **Frequency of Monitoring.** Jurisdictions used a variety of monitoring mechanisms. Many randomly selected sample cases for monitoring. Some had monthly meetings with CEOs and/or program managers to review program-level data (e.g., referrals, permanency rates). Some jurisdictions also used a more comprehensive annual review process.
- **Contract Toolkits.** There is a lack of an accessible body of common knowledge about this type of contracting. “Toolkits” with information about how to monitor and assess contractor performance should be developed.
- **Legal Requirements.** Court decrees often specify monitoring requirements for jurisdictions that are under court orders or receivership.
- **Accountability and Control.** It is problematic for a contractor to be held accountable for broad outcomes (e.g., permanency) if the contractor provides only a limited segment of the service array.
- **Dissemination of Outcomes.** Some jurisdictions share evaluation data with other contractors. One private agency can be penalized, by way of reduced referrals, based on comparison to other agencies, even if the provider’s agency meets all targets. Another private agency uses SACWIS to track outcomes. The program creates some limitations, but has the advantage of being accessible to every worker.
- **Relationships.** Positive relationships between public and private agencies are very important. Open communication and feedback focused on how working together toward improvement is more useful than focusing only on deficits.

Problems

- **Challenges of a Lead Agency Model in Assessing Individual Provider Performance.** There is risk involved in implementing a lead agency model (lead agencies subcontracting with a network of providers). Depending on where the responsibility for data collection is placed (with state agency or lead agency), the state loses the ability to measure individual provider performance. The extra layer created by lead agency models makes it difficult to foster a more competitive provider environment, and the state loses the ability to identify unique and innovative providers. The “network model” of privatization may preserve competition among private providers.

- **Limitations in Data Collection.** One jurisdiction has encountered issues with collecting adequate data because caseworkers often enter case information erroneously, which impedes the process of assessing agency performance and outcomes. Their solution has been to train and re-train staff on documentation, paperwork, and clarifying definitions.
- **Problems with Evaluators.** Some evaluators have less expertise than the people they are evaluating. The evaluators should be people the workers respect.

Noncompliance

- **Addressing Noncompliance.** There should be some threshold or base amount of technical assistance that the public sector provides to private providers, regardless of performance, to help deal with regulations and everyday issues in the field. As issues arise, the public agency can increase their level of scrutiny and target certain areas. Other issues with noncompliance include when to freeze intake and when to impose fiscal sanctions.
- **State Corrective Action Processes.** Some jurisdictions have corrective action plans for underperforming lead agencies. In one jurisdiction, if an agency needs corrective action, the state will freeze intake and possibly decommission the agency.
- **Successful Models for Contract Monitoring.** There are three components of overall contract monitoring and oversight in privatization. The first is “contract monitoring,” or how well business functions are carried out as verified by sampling business processes biannually, quarterly, or in cycles. “Care (process) monitoring” measures the quality of the service delivery by doing sample case reviews. If noncompliance on outcome data is found, the state can increase scrutiny on the number of cases being reviewed and increase the frequency of the case reviews. “Outcome monitoring” includes the results and performance of agencies. Data for this monitoring can be collected from state database systems that can be gathered to judge whether an agency is fulfilling the terms of the contract.

Provider Training and Technical Assistance

- **Needed Areas of Training and Technical Assistance.** In the discussion, training was defined as skill-building and addressing knowledge deficits; technical assistance was defined as addressing emergencies or immediate needs. Participants felt that T/TA was needed for private providers on how to develop policies and procedures for particular issues, especially in the early stages of implementation. Private providers also need assistance in interpreting law to fit into the service delivery, transforming a statute into actual agency policy, and protocol. The biggest T/TA gaps were identified as understanding legislative mandates, learning how to link money to good outcomes, monitoring contract roles and preparation, and training for legislative staff and the judiciary.
- **Additional Specific Training Needs.**
 - Cultural competence

- Understanding “the culture of poverty” and its impact
 - Knowledge about domestic violence and mental health issues (when and where to refer)
 - Dealing with courts
 - Indian Child Welfare Act
 - Fiscal management
 - Training for foster parents on outcome goals
 - Use of MIS data
 - For managers and administrators
 - o Gate keeping role
 - o Sub-contracting
 - o Management toward outcomes
 - The public agency should also pass along “lessons learned” to other contractors
- **Need for Credentialed Staff.** There is an increasing need for credentialed and qualified child welfare workers. A credential could be the minimum standard by which all child welfare workers would become qualified. The field could connect with universities and have social workers certified upon graduation. This would create a continual funnel of workers back into the system to address the de-professionalization of child welfare.
 - **Huge Need for Training in Technology.** There are serious deficits in information systems development and technology training for caseworkers specifically on logging data into case management systems. Both state agencies and private providers need to know how to “interface” their individual information systems and ensure that data is consistent across the two systems. It has been difficult to find the balance of incorporating technology training without overwhelming the systems of care.
 - **State vs. Privately Provided.** Several jurisdictions reported at least some joint training for public and private agency workers. The amount of training varied from almost complete joint delivery, to none at all in one jurisdiction. Initial employee training was often delivered jointly; then the private contractor provided some additional training to its staff. In one jurisdiction, the higher performing private contractors were asked to deliver training.
 - **Timing of Training.** There was significant variation in the duration of initial training and whether workers received caseloads during initial training. One jurisdiction provides eight weeks of initial training, during which workers receive a small caseload. A private contractor in another jurisdiction reported six months of initial training, during which the trainee received no cases.
 - **Needs Assessment.** One private provider said very little knowledge transfer occurred from the public agency to the private agency. So the contractor conducted a needs assessment, and, based on results, provided training from the “ground up.”

Problems in Training and Technical Assistance

- **The De-professionalization of Child Welfare.** Participants believed that the child welfare field has become de-professionalized over time because of the lack of money invested in a training

system for child welfare workers. A solution to this problem has been to use training and technical assistance as a substitute for moving nonprofessional workers in with professional workers, without the added expense of higher education.

- **Barriers to Accessing Funding for Training.** Restrictive, categorical federal funding prevented private agencies from accessing resources to provide training. Because of inadequate reimbursement levels, it is difficult to include the community (providers, foster families, etc.) in the broader scope of training. There is also inadequate and inequitable funding for training public agency workers compared to private agency workers (in systems where both public and private workers provide direct services) because of reimbursement levels. Also, when legislatures require certain training that ties funding to public agency but not private provider training, it creates an inequitable system.
- **Training to Improve Retention.** Two strategies were discussed. First, the role of the supervisor in retaining workers was emphasized, and participants suggested that supervisor training address this directly by encouraging the formation of best practices for supervisors in this area. One agency discussed the use of a pre-employment video screening, in which potential employees learn about roles and responsibilities of the child welfare worker. The agency hopes to screen out employees who may be a bad fit before spending money to train them.
- **University Contracts.** Some jurisdictions contract a substantial portion of their child welfare training to local universities.

Working with Courts

- **Courts Need to Attend This Forum.** Nashville Forum participants wanted to know why there were no representatives from the courts. Although the facilitator said the forum issues were so specialized that court representatives would not be able to participate, participants still felt very strongly that the absence of the courts encouraged and perpetuated a “we/they” mentality that the court system seems to have when dealing with the child welfare system. They said the courts needed to be a strong presence at every step when planning, implementing, and monitoring privatization.
- **Educating Courts and Workers.** There should be established relationships and processes for engaging and educating the courts. The roles and responsibilities of the public and private sectors need to be thoroughly addressed to avoid confusion and, at times, the “abuse” of private workers in courtrooms. A huge challenge has been convincing the courts that private workers must have a presence in the courtroom, even though they are not the legal guardians. Participants said that if this is not addressed, it undermines the client/caseworker relationship.

Many participants said their states regularly meet with judges about child welfare issues. It is also common for caseworkers to consult with attorneys before permanency hearings are conducted.

- **Who Appears in Court?** Most jurisdictions delegate this role to the private agency worker. The state remains responsible, but the private worker represents the state agency’s perspective. Some

jurisdictions have joint responsibility, where both the private worker and a public agency counterpart appear in court. One jurisdiction reported delegating most court functions to the private agency, but in cases involving petition for termination of parental rights, the public agency assumes control. One public official reported an inadequate knowledge transfer from public to private agency workers during the early stages of the transition. One participant noted that courts tend to hold the public agency accountable, regardless of who appears.

- **Who Represents the Child Welfare Worker?** The private agency worker is the only person in the courtroom without legal representation. The district attorney works for the public, not necessarily the agency. Some contractors feel the need to have their own attorney.
- **Court Mandated Treatment.** Some judges mandate treatment independent of child welfare agency recommendations. Some participants thought judges were more focused on providing services than on family outcomes. This can create a financial burden for the agency that has to provide services it deems unnecessary.

Serving American Indians and Alaskan Natives

- **Case Management.** Private contractors manage these cases much the same way they manage any case. Technical assistance on ICWA issues is available from the public agency.
- **Training.** Indian Child Welfare Act training is mandatory in many jurisdictions, and private workers comply with ICWA regulations as they do any other. One participant said that since Native American cases appear fairly infrequently in her jurisdiction, knowledge begins to fade so she recommended that an area expert be easily accessible.
- **Resources.** It is important to develop culturally competent resources, such as foster care placements.
- **Dealing with Tribes.** Tribal leaders often expect to deal with higher-level state representatives. Adding an extra layer, such as private contractors, can potentially complicate this process.

Partnership Dynamics

- **Mutuality.** Considerable discussion revolved around the idea of mutuality in the public/private relationship. Both parties must recognize how their interests are intertwined and be willing to step up to the plate. One jurisdiction gave examples of how each agency helped the other at different points in the relationship, beyond contractual obligations.
- **Imbalance of Power.** Some private agency representatives saw the relationship as imbalanced and felt that there can never be a true partnership because the public agency holds almost all of the power. However, participants talked about constructive, mutually-beneficial relationships that could be attained.

- **Contractor Power.** Another jurisdiction talked about the private contractor’s ability to lobby lawmakers. Public workers are allowed to do this. The private contractor can lobby for the best interests of both the public and private agencies. Conversely, because some private agencies have a great deal of clout with legislators, it can be difficult for the public agency to take corrective action against the private agency for poor performance.
- **United Front.** All participants agreed that it is important to present a united face to the public, particularly in instances of negative events. Accountability should be determined, but agencies cannot “point fingers.”
- **Relationship Issues.** Many participants emphasized the importance of a trusting relationship between agencies to foster open communication and allow for frank discussions of problems. It is vitally important that the top leadership for public and private agencies have good interpersonal skills. However, in one forum, the discussion turned to the need for more professional “business relationships” that are not dependent on individual personalities or personal relationships. Business relationships allow for the continuation of constructive partnerships when personnel transitions occur.

Establishing a “shared vision” and flexibility on the part of both partners was also emphasized.

- **Lessons Learned on Successful Public/Private Partnerships.** In developing a privatized system, many participants felt that the focus should be placed on the families that are being served. The partnership between the public and private sectors will impact the total service and support systems. To foster a positive partnership between the two entities, there must be a strong element of trust, communication, and purpose to improve service delivery to the children and families who need these services. Other keys to success are persevering; understanding that progress will not come easily; identifying issues where collaborative processes are needed and learning how to collaborate on these issues; being less rigid on role definition; not presuming that any one person is expert on an issue; having a sense of compromise; and learning how to come together on the middle ground to ensure that the process is successful.
- **Public Agency Leadership and Mindset.** One group said the public agency’s leadership largely determines the nature of the partnership between the public and private sector. The public agency has to inventory its own staff, acknowledging and addressing everyone’s true feelings about privatization. The philosophy of public agency leadership affects the functioning of the entire system. How they look at roles and functions, contracts, and partnerships will reverberate throughout the organization. The public agency must embrace the transformation of the roles and functions of their agency learn how to conduct business in a privatized world, and understand that the role of policy development and information dissemination will shift. The public agency must consider the ways they will have to influence the practice and approach of private agencies under contract.

Workforce Issues

- **Recruitment and Retention.** There was some disparity across jurisdictions about private agencies' ability to compete for well-qualified workers. One jurisdiction reported success in attracting former state employees, usually from other counties.

Another jurisdiction reported significant difficulty in recruitment and retention. The contractor often hires workers with degrees other than social work. The public agency in this state is also having problems with retention, and is planning to repeal the requirement for a social work degree.

Another jurisdiction reported that the private agency has higher qualification requirements than the public agency. Some contractors are using bonuses and incentives, whereas others have not been able to negotiate this with the public agency. Wherever there are significant pay discrepancies between public and private agencies -- in either direction, discontent and animosity may be created.

- **Shared Case Management.** Job functions should not overlap. Where both a public worker and private worker are assigned responsibilities for the same case, conflict ensues. Some jurisdictions that initially tried this model, later abandoned it. A more workable model transforms public workers' roles to monitoring and oversight, but not direct case management. Workers in transitioning jobs will require re-training to new roles.
- **Co-location.** One jurisdiction reported positive state/private worker relationships, attributed to co-location of the workforce. However, another participant noted that co-location increases tension if accountability standards aren't consistent across agencies.

PART 3

Most Important Themes

An additional process was added to the second and third forum agendas. At the end of each day's focus group discussions, participants were reconvened and asked for their opinions about the most important themes that arose in that day's discussion. The following is a list of participant-identified themes.

Planning/Assessment

- 1. Impetus for Change.** Many jurisdictions did not enter into privatization by choice. External forces, such as political changes or high visibility events, such as a child fatality, often drive the process. Regardless of the impetus, the public agency must ask itself, why are we privatizing services? What do we hope to achieve? Is this a cost-saving measure, or a way of improving services?
- 2. Creating a Vision.** Numerous discussions revolved around the importance of creating a shared vision among public and private players. Leadership was seen as a critical component in making this happen. Open and ongoing communication between agencies is necessary for the creation of a shared vision.
- 3. Assessing Private Provider Capacity.** It is necessary to carefully assess the capacity of private providers to assume additional roles. Start-up may be particularly challenging, and the public sector may need to provide start-up funds, especially for smaller providers. It is important to encourage participation by multiple providers to maximize healthy competition. It is also important to assess the capacity of the public agency to make the transition to privatization.
- 4. Estimating Costs in the Planning Process.** Carefully assess the costs involved and whether the state has the funds available to pay for services that will deliver the outcomes desired. Ideally, a thorough actuarial study would be conducted to establish case rates. However, this is a difficult undertaking.
- 5. Using Data in the Planning Process.** It is important to have reliable data for planning and developing relevant outcomes.
- 6. Engaging Key Stakeholders Early.** It is vital to identify and engage stakeholders early in the planning process. Stakeholders include the obvious players, such as courts, but also entities such as schools and mental health providers. Some stakeholders will need to be educated on the nature of the proposed reforms, while others will need to be closely involved in the planning process.
- 7. Flexibility.** This is an important quality to build into the planning process. No existing model will fit perfectly into a new jurisdiction. It is difficult to anticipate all of the problems and

circumstances that may arise as privatization progresses. There has to be room to make adjustments as needed. This requires a certain level of trust and open communication between the public and private agencies.

- 8. Leadership in Planning.** Leadership arose in several contexts as a critical component in privatization. In terms of the planning process, leadership is necessary to communicate a vision for change. A group of leaders with authority to make decisions should meet regularly and long-term during the planning process to develop buy-in from various constituencies.
- 9. Performance Standards/Performance-based Contracting.** It is important to develop meaningful performance standards that focus on outcomes (e.g., CFSR findings) vs. processes. Performance-based contracting was generally seen as a desirable model. The importance of transferring authority, along with responsibility was discussed. Incentives for efficiency, such as the opportunity to re-invest savings into program improvement efforts, was discussed.
- 10. Phases in the Planning Process.** Planning should progress along a well-conceived series of phases. These may vary across sites, but may include: identifying the right people and getting buy-in, defining the proper use of data to drive decisions, and developing a clear implementation plan. The advantages of a relatively slow roll-out of services were recommended, due to the tendency for contractors to become overwhelmed by massive roll-outs early on.
- 11. Roles: Changes and Clarification.** Privatization typically requires a re-definition of roles within the public agency. Public agency workers may move from direct service delivery to monitoring and quality assurance functions. These changes, and their potential impact on morale, should be anticipated. Issues, such as who will represent the state in court proceedings should be clarified. In jurisdictions where public and private workers share similar roles in case management, conflict often occurs. Private worker roles will also change. Some workers who may have been in mainly mental health roles, will be required to expand their skills in other areas. Throughout the planning process, open dialogue between public and private workers should be maintained.
- 12. Time Involved in the Planning Process.** Planning requires considerable time, more so than many sites anticipated. It was generally agreed that 12-18 months were needed for adequate planning. Also, once contractors are chosen, they may need up to six months to get prepared to assume the contract requirements. This is greatly influenced by the size of the private agency. Larger agencies are typically able to roll out services more quickly.
- 13. Training Considerations.** A considerable amount of training will be required within both public and private agencies. Training on new roles and responsibilities must occur. Private providers may have to greatly expand their workforces, and thus be in the position of providing initial training to many employees. These workers may not be ready to fully perform their jobs for several weeks. Who will provide training? In some jurisdictions, the public agency invites private workers to its training. In others, the public agency provides its own training. And, in yet other jurisdictions, there is a mix of shared and agency-specific trainings. These options should be considered during the planning phase.

14. Trust and Communication. Throughout the forums, the importance of a high level of trust and open communication between the public and private agencies was emphasized. For instance, during the planning phase, often data about anticipated costs to the private agency are flawed. The private agency must trust that, if payment structures turn out to be inadequate, the public agency will cooperate by making adjustments during implementation.

Implementation

- 1. Vision.** The importance of a shared vision arose in discussions about implementation, as well. In this context, shared vision allows each agency to be flexible in problem solving, so long as the overall vision is consistent. It also allows for developing and monitoring agreed upon outcome indicators. The shared vision must be continually discussed, not just assumed after the planning phase is complete. New employees and stakeholders must be brought into the vision. This is strongly tied to the issue of leadership in the public and private agencies.
- 2. Build on Strengths.** It is important to build upon the strengths of the public and private agencies. For instance, a strength of the private arena is flexibility in directing resources toward desired outcomes. The public agency should encourage this strength, and not limit the private provider through overly prescriptive contracts. “Incentivize innovation.”
- 3. Use of Data Systems.** The development and proper use of data systems is important in assisting case management and tracking relevant outcomes. Many jurisdictions have redundant systems, and/or workers inadequately trained or unmotivated to use data systems to their potential.
- 4. Flexibility.** As in planning, flexibility is important during implementation. Not all problems can be anticipated. The public and private agencies must be committed to finding creative solutions as new challenges arise. For instance, funding structures or rates may have to be adjusted as the reality of costs becomes apparent.
- 5. Leadership in Implementation.** The importance of strong leadership in the public and private sectors continues after implementation. There will be inevitable glitches and growing pains. Strong leadership is necessary to move things forward.
- 6. Performance Standards.** Contract monitoring can become a particularly contentious issue. Monitoring tends to evolve from a great deal of monitoring to more targeted, outcome-based monitoring. There was wide agreement that the over-monitoring that often occurs early in the relationship is counterproductive. However, a certain amount of process monitoring usually remains necessary. Performance-based contracting is generally seen as desirable by both public and private entities, but implementation of a workable model, with proper measures and incentives, is challenging. The importance of “shared financial risk” between public and private agencies was discussed. Some contractors felt they had to assume a disproportional amount of risk in the relationship.
- 7. Political Issues.** Politics drive much of what happens during the course of privatization. During implementation, changes in political players can undermine progress that has been made. It is

important to continue to pass on institutional knowledge and to educate new politicians and administrators on the vision and progress achieved.

- 8. Recruitment and Retention of the Workforce.** This is an ongoing challenge across many child welfare systems. Privatization can exacerbate the problem if not implemented properly. If similar job descriptions exist within the public and private sectors, pay and benefit equity are important. Otherwise, one entity may “steal” workers, and workforce morale may decline. The importance of establishing constructive communication among line workers, not just administrators, was also discussed. Some agencies are using pre-screening tools to select employees that are a good fit for child welfare work
- 9. Roles: Transition for Public and Private Workers.** Public workers may need to accept roles of oversight, instead of direct case management. It may be difficult for them to learn to “back out” of case management. Private workers may have to provide a broader continuum of care.
- 10. Training Issues.** Private workers who have been providing only mental health services will have to learn a new set of skills related to child welfare work. It is important for the private agency to have some child welfare expertise. Private agencies may require specific training not available through the public agency (e.g., fiscal management). Contractors may need time to train new employees before rolling out services on a large scale. If private workers will represent cases in court, they will require specific training on dealing with courts. There should be a mechanism for private agencies to bring “lessons learned” back to the public agency.
- 11. Trust and Communication.** Public and private players must feel that the each is committed to mutual interests. Where a high level of trust exists, overly prescriptive contract language is unnecessary. Both can assume that problems can be resolved in a mutually beneficial manner. Open and consistent communication is necessary to build and maintain trust. Some jurisdictions have established very frequent meeting schedules between various levels of public and private employees.

SECTION 4

Summary of Findings from Targeted Group and Individual Discussions

To gather the perspectives of key groups of stakeholders and partners involved in the public child welfare system, the QIC PCW facilitated a number of general discussions on the privatization of child welfare services. Some of these opportunities were offered in conjunction with meetings and conferences attended by groups of potential participants (*private providers*: Child Welfare League of America, and Alliance for Children and Families conferences; *public agency administrators*: conference calls co-sponsored by NAPCWA; *judges*: 33rd National Conference on Juvenile Justice sponsored by the National Council of Juvenile and Family Court Judges (a follow up discussion is scheduled with select judges from states involved in the forums); *youth*: Kentucky Organization for Foster Youth (KOFFY) Youth Leadership Council (additional discussions were facilitated by the University of South Florida with youth, foster parents, and service recipients, but the report has not yet been received); *mixed*: Privatization of Child Welfare Services Conference held in Austin, TX, and the National Citizen's Review Panel Conference (included citizen panelists and panel coordinators).

Themes from Group and Individual Discussions with Public Child Welfare Administrators, Private Providers, Judges, Advocates, and Foster Youth

Definition/Knowledge/Perception of Privatization

- There is no consensus on how privatization is defined by the field. Most see privatization on a continuum. On one end, privatization is any service contracted by the public agency to a private provider. On the other end, privatization is the provision of core child welfare services, which includes the transfer of case management responsibilities.
- Privatization is also known as public/private partnering, outsourcing, community-based care, and systems of care.
- Historically, states have always contracted with private agencies to provide support services in child welfare.
- Privatization is often politically driven. The general public and legislators often believe that the public agency is ineffective. Sensationalized events, such as the death of a foster child, often create movement towards privatization. Assumptions

are that the private sector can provide more effective, efficient, and innovative services at a lesser cost.

- Some privatization efforts were initiated because of the state leadership's philosophical view of engaging the community in providing child welfare services.
- States should consider privatization only if known outcomes will *benefit* families and children.

Experiences with readiness assessment, planning, and implementation

General

- More time should be allowed for readiness assessment and planning privatization initiatives in states/counties/regions, including start up and transition.
- Legislators and public agency leaders should not assume that there will be cost savings in privatizing child welfare services.
- States want to focus on contracting for outcomes rather than services, including the trend toward use of performance-based contracting.

Fiscal/Contracting

- Public and private entities need to understand funding streams, limitations, and accessibility to funding. Private providers should be educated (by the public agency) on the impact of the federal funding cuts and federal requirements.
- It is critical that public agencies understand how to use data and have established baselines before creating a payment structure.
- Public and private agencies should understand shared risk and the shift in risk/liability.
- The structure of contracts should be flexible enough to allow agencies to provide needed services innovatively.

Partnership Development

- A paradigm shift must occur in the public agency philosophy (leadership to front line) if the privatization initiative is to be effective. Much work should be done to engage public agency staff in developing a true partnership approach. (Minimize the public agency's control issues to maximize outcomes.)
- The private agency must also make philosophical shifts in delivery of services from child-centered to family-centered.
- Public agencies should actively work with potential private providers in the RFP process to promote collaboration. Often, competition is too high, and true collaboration is compromised. Focus should be on creating healthy competition.
- Consider the initiative's effect on smaller private agencies. Many believe that all agencies should not look alike and "specialty" agencies should be used for their strengths.
- Many community partners (officers of the court, foster parents, CASA, representatives of families who have received services, private providers, law enforcement, legislators, United Way, local business owners, unions) should be a part of the assessment, planning, and implementation of any initiative. The Courts play a critical role and must be engaged.
- Legislators, the community, and boards should be educated on the real needs and challenges facing child welfare.

Workforce Issues

- Much consideration should be given to the effect of privatization on the public agency workforce during and after transition. There are often consequences (intended and unintended) related to the transition. (Sometimes positions are not filled after employees retire.) Unions can provide significant resistance.
- The public agency should be aware of the need, and plan for the transfer of institutional and practice knowledge to private agency staff.
- Less bureaucracy in a private agency may stimulate innovative practices as well as allow more flexibility in hiring staff.
- Recruitment and retention of staff continues to be an issue in most privatized systems.

Concerns

- There is a need to balance the data management of processes versus outcomes, so that states are measuring the “right” outcomes.
- Privatization may create too many layers of bureaucracy. There is concern that there will be less accountability with more involved.
- The roles and responsibilities of frontline workers may tend to be duplicative or unclear, making judicial oversight difficult and blurring decision-making in the best interest of children and families.

Perceived Benefits

- Child welfare services are improved by increasing resources (Private providers’ request for an increase in funding was responded to when the public agency’s request went unanswered).
- Private agencies can be more innovative and offer an individualized approach to service delivery.
- Caseload reduction, and an increase in the availability of needed services, has occurred in some states.

Future Reform Directions

- Develop roles and responsibilities of public and private agencies that deliver child welfare services in the direction of truer partnership.
- Emphasize contracting for performance and outcomes rather than contracting for services.
- Move toward evidenced-based practice models on the case- and macro-levels.
- Refine contract development and monitoring strategies to balance accountability and partnership. Emphasize positive outcomes without re-creating bureaucratic structures.
- Use state and national experts to build on lessons learned and do research when new initiatives are begun.

Future Role of QIC PCW

- Do comparative analyses of outcomes and costs of pre- and post-privatized services, including CFSR performance and rural vs. urban implementation.
- Develop knowledge in

- decision matrices to determine what states should consider, what questions should be answered, and what step-by-step processes can create a successful model;
- models of effective public/private partnerships;
- cost analysis formulas;
- effective processes for selection, definition, and measurement of performance indicators;
- productive contract monitoring and quality assurance systems;
- workforce recruitment and retention strategies; and
- the contextual/structural factors and practices that make the difference in outcomes (salaries, caseloads, resources, etc.)

**Child Welfare League of America
Executive Leadership Breakfast Meeting
February 28, 2006, Washington, DC**

There were 32 attendees representing private providers.

A. Defining “Privatization”

- Providers’ definitions of privatization ranged from complete case management services and case responsibility to providing specific support services.
- Many providers said their scope of responsibility was far-reaching and included a wraparound approach to providing services that included case management throughout the life of the case.
- Other providers indicated a more limited role, such as specialized treatment, because they are only allowed to do so in their respective states.

B. Experiences with Child Welfare Privatization Initiatives and Lessons Learned

1. Assessing the plausibility of privatization initiatives, site readiness, implementation planning, and privatized systems management.

- Participants reported a range of experiences with privatization planning efforts, from high to low levels of private sector engagement.
- Several private providers indicated significant **barriers**, such as political resistance or legislation, that impeded or entirely prevented a privatization initiative from taking place.
 - Private providers believe public agencies do not wish to relinquish control.
 - Many states have seen resistance from unions that oppose privatization because of state job loss. The presence of a strong union can determine the success of privatization.
- Private providers also shared **lessons learned** that served to improve the planning process and their partnership with public agencies:
 - Have adequate case history data to access equitable case rates and reasonable case-outcome standards for contracts.

- Have longer contract terms (at least four years) and renewal periods to prevent upset to families. Preparing for RFPs and renewals diverts the focus and time of private providers away from children and families.
- Duplication of services among public and private agencies translates into two workers performing the same duties. In some states public workers earn better salaries and have a more stable work environment, placing the private workforce pool at risk.
- There is competition among private providers because of a limited source of funding. Thus, private agencies focus on how to survive instead of focusing on providing more innovative and comprehensive services for clients. This also limits networking and information sharing among private providers.
- Smaller community-based providers are forced to compete with larger agencies. Many decisions to use certain services or collaborate with certain agencies are politically motivated and often not based on performance-based results. Public administrators may want to contract with fewer providers so, more times than not, larger private providers are chosen to provide services.

C. Future Reform Directions

1. Primary areas of reform on which the field is currently focused and how privatization fits within this context

- Participants, from areas where some services are privatized, predict expansion to other services, enhanced partnership, changes in the way case responsibility is managed, and longer contract spans.

2. Child welfare privatization five years from now, and a decade from now

The group did not have time to cover this question.

D. Future Role of the QIC PCW

- Examine how private agencies are responding to mounting tensions due to competition. Does this environment promote collaboration and information sharing or complacency and more attention toward financing?
- Establish a solid comparative analysis of pre- and post-privatization outcomes. Control for jurisdictional and political issues to assess the impact of privatization on outcomes for children so the data can be used to create a, national model that can be generalized.
- Examine rural and frontier states to assess how privatization affects children and families in rural, sprawling areas.
- Explore private provider liability issues associated with placing child safety responsibilities with the private sector.

Alliance for Children and Families
38th Annual DPS Senior Leadership Conference
February 28, 2006, San Antonio, TX

There were 12 attendees representing private providers.

A. Defining “Privatization”

- Privatization should be considered broadly to encompass a wide spectrum of arrangements, activities, and experiences ranging from providing discrete services to providing case management to a group of children or all services and planning associated with a certain aspect of the service delivery system.
- Private providers are currently focused on the latter end of the spectrum.

B. Experiences with Child Welfare Privatization Initiatives and Lessons Learned

1. Assessing the plausibility of privatization initiatives, site readiness, implementation planning, and privatized systems management.

- The group had limited experience with these three phases of privatization and, therefore, few examples of true partnerships between public and private agencies or concrete examples. One provider noted that they held monthly interagency meetings; policy and planning meetings of agency directors are convened by phone, and in-person meetings on practice issues are held among front-line staff.
- The group suggested the following:
 - When assessing plausibility and site readiness, the sources of funding (and requirements attached to them) must be considered. There are also important differences in funding and decision-making between state- administered and county-administered systems.
 - It is important to assess who will assume liability and under what conditions. The ability of private agencies to meet this liability (when it falls within their domain) must be considered.
 - When planning, it is important to think broadly about the intersection of child welfare and poverty. At a minimum, the following groups should be included: schools, mental health and substance abuse provider boards, and TANF agencies and providers, as well as agencies that provide housing and employment services.
 - The RFP should mandate collaborative planning and implementation processes so these requirements are imbedded from the beginning.
 - Too often the RFP process works in the opposite direction. To ensure a level playing field, draft RFPs are not shared in advance, and there is no opportunity for clarifying expectations in advance of the bid.
 - There was wide agreement that “buying” child welfare services is fundamentally different than purchasing tables and chairs, and, therefore, important adjustments must be made. There must be

greater partnership prior to -- and after -- privatization. The community also must be brought to the table.

- To innovate, private agencies need to have greater discretion over service planning and provision. Too often, contracts only allow providers to focus on one solution to a deep, pervasive problem (such as addressing out-of-wedlock births or teen pregnancy, but only through abstinence programs). Separate contracts may be let to fund each approach to a problem or set of issues. One participant called this “segmenting approaches rather than integrating solutions.”
- Too often, oversight and monitoring are focused on micro-management in all of the wrong places, thereby hindering best practice. When pressed for positive examples, one person noted the use of “fidelity monitors” in one state and that NAPCWA had more information on the practice.
- The field also needs to recognize that viable processes for sharing best practices and ensuring the competence and qualifications of private agencies currently exist within private provider agency networks through accreditation and membership organizations.
- Public agencies should focus on developing robust case management and management information systems. State and federal governments need to transfer SACWIS funding to private agencies to help build and support these efforts.
- Many of these issues are system-wide in child welfare, but providers in attendance who worked in the child welfare and mental health fields offered unique comparisons and insights. For instance, the mental health field is far ahead of child welfare in terms of allowing electronic signatures and file exchange, eligibility determination, and cost claiming. Many paperwork requirements that create a real drag on the system could be addressed through technology and adjustments in practices and policies that seek to encourage information exchange while protecting privacy.
- The presumption of eligibility determination as an “inherently governmental function” was noted as a non-issue in the mental health field.
- Private agencies struggle with the lack of qualified staff. Among the group, there were widespread complaints about the relevance of training offered by most schools of social work.
- Reform must allow adequate time and resources for capacity development as well as building and attendant cash flow issues *prior to* the referral of any clients to the private agency.

2. Privatization’s impact on job functions, tasks, roles, and responsibilities

- The group did not provide concrete examples in these areas.

C. Future Reform Directions

1. Primary areas of reform on which the field is currently focused, and how privatization fits within this context

- From the group's perspective, the primary thrust of reform they are encountering is an emphasis on outcomes-based/performance contracting.
- The group was hopeful that there would be concomitant increases in partnership to achieve these goals.

2. Child welfare privatization five years from now, and a decade from now

- The group was wary that privatization might result in the care and custody of children increasingly shifting to "large, quasi-governmental entities" rather than the smaller innovative, diversified, caring "mom and pop" private agencies that collectively comprise many of the services and activities on which the child welfare system currently relies.
- There was interest in learning more about the use of a designated "lead agency," which was viewed as a possible way to preserve the autonomy of smaller, private agencies under a larger umbrella organization.

D. Future Role of the QIC PCW

- Provide information on "what's going on in other places."
- Develop knowledge of where and under what circumstances the field should pursue privatization, and what this reform should look like.
- Provide examples of active, healthy partnerships between public and private agencies, including shared risk, infrastructure development, and training.
- Ensure that the input of private providers is sought out and listened to.

33rd National Conference on Juvenile Justice National Council of Juvenile and Family Court Judges March 28, 2006, Denver, CO

There were 15 judicial attendees.

A. Defining "Privatization"

- The focus group was primarily composed of judges overseeing child welfare cases and other judicial officials. Two child welfare administrators also attended. Collectively, the group represented a diversity of experience with respect to child welfare privatization. All had experience with private agencies providing core child welfare services, and almost all had experience with private agencies overseeing case management for children in placement (either child welfare case management or case management associated with other services accessed by children in care such as community mental health).
- The one contingent of judges that did not have experience hearing cases involving privatized case management experience were from Texas, which is

currently taking concrete steps to plan and implement privatized child welfare case management first on a demonstration basis, and then statewide.

- When discussing the definition of privatization, the group drew sharp distinctions between the practice of relying on private agencies to provide services under the case planning of the public agency, and allowing private agencies to assume primary case management. The group was overwhelmingly negative about the latter arrangement.

B. Experiences with Child Welfare Privatization and Lessons Learned

1. Assessing the plausibility of privatization initiatives, site readiness, implementation planning, and privatized systems management.

- The group shared negative experiences with each of these reform phases:
 - **Assessment:** There was general agreement that privatization is a politically-driven solution or agenda to problems that have historically confronted child welfare. Underlying this particular type of reform is the assumption that the private sector can do almost anything better and cheaper than the public sector. Additionally, this type of reform is driven by alliances between policymakers and private providers that exist at the local and state levels. For these reasons, the group concluded that an honest assessment of the appropriateness of reform and its relevance for solving issues confronting the child welfare system cannot occur.
 - **Planning:** The group expressed concern that privatization is a process that is done to the child welfare system and the judicial system overseeing key case planning decisions, rather than with these entities. Privatization planning typically does not include the active involvement of the judiciary.
 - **Implementation:** While recognizing that meaningful assessment and privatization planning generally does not exist due to political realities, the group reserved its harshest assessment for the reform's implementation. A number of justices noted that privatization created "another layer of bureaucracy" beyond the direct reach of the court, and that it "convoluted the chain of command" on which the oversight role of the court depended. Other justices noted that ultimately they held the public agency responsible for inadequate case planning, but that their oversight role became more difficult in practice for the following reasons: (1) because more entities were involved in case planning and service delivery, hearings took longer; (2) time was lost as well, because prior to holding the public agency responsible, the court had to allow sufficient time to see if the case management would fail; (3) in the interim, the court was required to keep closer tabs on the case, necessitating additional hearings and paperwork to track case progress.

C. Future Reform Directions

1. Primary areas of reform on which the field is currently focused and how privatization fits within this context

- When asked about a reform agenda, the group placed primary emphasis on sorting out the roles and responsibilities of the public child welfare agency and the courts. They also emphasized that this is still a work in progress. There is much work to be done in terms of better defining policy and practice within the larger system and its internal processes of public–agency-driven case management, with judicial oversight at key points and nodes.
- The group felt that privatization confuses this reform agenda and makes it more difficult to better clarify and coordinate the respective roles of the public child welfare agency and the courts.

2. Child welfare privatization five years from now, and a decade from now

- The group was wary that privatization would become widespread, partly as a reaction to increased judicial oversight of child welfare dependency cases. Increasing the number of entities involved with decision making would make it increasingly difficult to emphasize accountability and quality casework for both practical and political reasons, as explained above. As a result, the role of the courts in child welfare will be made more complicated and perhaps even diminished.

D. Future Role of the QIC PCW

- The group restated that privatization is a fundamental systemic reform, and as such, its appropriateness must be studied in a very deliberate and thoughtful manner.
- It is imperative that the judicial system be actively engaged in each step -- locally, at state level, and nationally with this QIC.
- The group asked how the court's perspective on privatization would be collected for the needs assessment. Group members were emphatic that a single one-hour focus group was completely inadequate for collecting judicial input, and that additional information from the courts and members of the judiciary on the subject was essential.
- Most immediately, the group asked to review the notes submitted for the focus group proceedings so they could be reviewed for adequacy and accuracy.

Child Welfare Privatization Conference May 18- 19, 2006, Austin, Texas

There were 30 participants from both the private and public sectors.

A. Defining “Privatization”

- It was noted that the field’s progress toward the private sector taking more responsibility for core child welfare services is an evolutionary process, a more recent factor being the consideration of for-profit models.
- Some were concerned that the term “privatization” bears negative connotations and should be avoided or changed to “public/private partnership” or “community-based service provision.”
- Some saw reform as a radically different response to a broken system and thought the definition should include the shift of primary decision-making and the significant assumption of financial risk assumed on the private side. Some believed that services can be provided more effectively outside the bureaucracy of the public system.
- One noted the shift in the public agency’s role in promoting accountability. How does the public sector hold the private sector accountable? What are fair measures?
- Others thought the definition needs to be inclusive, i.e., any service moved or contracted to a private provider is privatization. Only public systems that don’t contract at all are really public.
- Definitions need to be centered on the goals of privatization. For some states the impetus is political, such as a lawsuit, and elsewhere it is driven by a philosophy of community responsibility in child welfare.

B. Experiences with Child Welfare Privatization and Lessons Learned

1. Assessing the plausibility of privatization initiatives, site readiness, implementation planning, and privatized systems management.

- The impetus for reform may be a belief that a new system will be more efficient, combined with a lack of willingness to put additional resources into the public system. By including the private sector, states have been able to bring needed resources into the system and are able now to cost out services and advocate for what is really needed to achieve case outcomes. Fund development on the private side can also make an important contribution to resources (individual and foundation).
- Unions play a role in the plausibility of privatization.
- Another area of importance is the financing structure of contracts, specifically how services are designed to meet clients’ needs (difficult youth), and how this reads within the contract itself. Private agencies may need to be re-tooled to meet clients’ needs rather than the services the agencies are experienced in providing. In some states, large agencies had difficulty with that, because they were more like a mini-bureaucracy and couldn’t be as flexible. Agencies need to be able to offer individualized services, which is a dramatic change. Flexible funding mechanisms need to be crafted to enable this.

- Regulatory changes are needed to enable innovation and flexibility. Federal regulations are also a significant barrier that needs to be addressed before privatization can really reach its potential.
- It is important for private agency collaboratives to avoid unnecessary competition. Agencies need to offer services they are really good at, and share what they have learned with others who aren't used to providing them. If smaller agencies don't change, they may be left behind. Agencies easily engage in parallel play like toddlers -- real collaboration needs to occur. Everyone should not "be" the continuum of services -- individual agencies need to be allowed to contribute based on their strengths.
- An important public agency role is to bring federal resources into the system. Many of the federal cuts on the table (housing, substance abuse, Medicaid) are going to impact the system. Some felt the state needs to educate private agencies so the private sector can advocate effectively, although many providers did not see a role for themselves in federal-level advocacy.
- The public agency needs to advocate for measuring the right outcomes. Some participants said privatization is more than worth it, and described it as an extremely difficult process, but good for families.

2. Privatization impact on job functions, tasks, roles, and responsibilities

- The transition of services from public to private and the shift in roles requires a great deal of attention. The cost of doing this well is often underestimated.
- Educating private agency boards is important as the agency's role changes significantly. How the board can help the agency do what they are being asked to do by the public agency should be determined on a regular basis.
- Private agencies need to adopt the philosophy that they are no longer a child-serving agency but a family-serving agency.

C. Future Reform Directions

1. Primary areas of reform on which the field is currently focused and how privatization fits within this context

- Participants predicted greater need and fewer resources on the horizon. For example, welfare reform was cited as creating a building need, with a 5-10 year lag, that the system will need to address.

2. Child welfare privatization five years from now, and a decade from now

This group did not have time to address this question.

D. The Role of the QIC

- The QIC provides the opportunity to look across systems to benefit children and families. Define the service definitions and outcomes for the field -- beyond just listing safety, permanency, and well-being. How are these achieved? What evidence-based services get you there, and what does it cost? What are the important indicators to measure that are particularly relevant for systems of care?
- Provide information to the field on how organizations can be sustained in a privatized system. Some agencies close their doors due to the level of risk placed

- on them. Inform the field on how planning can help prevent this. What do states need to think about beyond the contract in the planning process? The QIC should not re-invent the wheel, but should find a way to use the experts already out there in states.
- Provide information on the challenges of workforce retention and the lack of foster parent resources (including issues related to transferring state foster homes to private).
 - Identify effective structures for risk-based systems. Provide information on strategies that maximize flexibility without mandating particular services.

Conferences Calls with NAPCWA PCW Administrators April 18, 2006 and April 27, 2006

Participating states: NM, VA, TX, NY, CA, OR, WV, MI, HI, FL, KS, MO, IL, AR, DC, UT, MS [**Other states were on the conference call but chose not to be identified.*]

A. Forces driving the privatization of child welfare services

- In many states, the decision to move toward privatization is politically driven -- the result of a high profile child death, order for reform by the legislature or governor -- and is fed by an underlying belief that the private sector may do a better job (and less expensively) than “the government” or the bureaucratic system.
- Another important factor is the belief that the current system is failing, which the CFSR findings have supported. There is often disenchantment with government. Some participants expressed a concern that the public sees privatization as a panacea despite evidence to the contrary. There is recognition that private agencies have more ability to diversify and change services to meet needs in a way that government cannot do as quickly.
- In some states, significant services have been privatized for a long time, but the current initiative is to use performance contracting or requiring evidence-based practices to seek better outcomes.
- A couple of states saw their decision to move forward as a recognition that the public agency needed help and could not be as efficient or effective as it should be. The involvement of the private sector was consistent with principles that the system should reach out to community and others -- no single agency should address child maltreatment alone. Another factor was to help the state receive accreditation as it was not possible for state agency staffing levels to be increased to, and caseloads reduced to, adequate levels.
- Despite the original intent, some participants felt the system was very underfunded and, through advocacy from the private sector, this message was heard. Ultimately families and children benefited. Various states with experience in privatization discussed how some were able to successfully reduce caseloads through privatization, while others were not. However, in at least one state, they were able to reallocate resources to geographic areas with greater need through

the contracting process. Public agencies are in the bad position of being asked to prove a negative -- they cannot demonstrate reasonable caseload and have adequate resources. Private agencies can advocate for adequate caseloads in the contract.

B. Forces discouraging the use of public-private partnerships for provision of core services

- Labor unions have prevented some states from pursuing this. They may allow purchasing of services, but not transfer of case management. At least one state has developed a system of obtaining input from union management before renewal or letting of contracts for new services, including discussions about potential impact on the workforce.
- A related issue is the loss of public jobs. Another state described how they had diminished the inherent tension with outsourcing by making sure that as local contracts are negotiated, local staff are involved in the design, and by assuring staff providing services that as they enter into contracts, they will be given first priority for jobs with the private sector.
- Advocacy groups expressed concern that this is not a matter of the private sector being more capable or effective than the public -- if the public agency is given what they need, they can do the job.

C. Factors state decision-makers should consider when weighing whether to privatize core services

- Decisions should be based on comparison of real data about pre- and post-privatization service provision costs and outcomes. Decision-makers should look at the results of CFSR and question why privatized states did not do significantly better.
- States need to have a clear statement of expected outcomes, performance measures, required practices, and systems -- which should be practice-focused rather than a business / management-focused. This includes discussions of how federal regulations will apply in the privatized system. Then, they need to think about how to be clear with the private sector about expectations, and how they will hold private agencies accountable.

D. Future Reform Directions

- States currently privatizing some services mentioned the following future directions:
 - Expansion to new geographic areas.
 - Expansion of the partnership concept.
 - Moving to longer-term contracts.
 - Performance contracting, including focusing on well-being outcomes for a state that believes their safety and permanency outcomes are reasonably met.
 - Addressing lack of support from the judiciary for the privatization effort, and building better understanding of accountability on both the public and private sides.

- Several states expressed no current plans to privatize further, saying they will take a “wait and see” attitude based on outcomes achieved in other states.
- An important juncture will occur with the second round of CFSRs. Some states have expressed to the Children’s Bureau that they should be looking at how services are being delivered during the CFSR so that comparisons can be made. The system needs to look at where the best outcomes are, and how services are delivered.

E. The Role of the QIC

- Compare child and family service review findings: if states privatize, does it improve CFSR performance? Emphasize differences between public and private sectors. If the private sector is achieving better outcomes, what factors in the private system are contributing to this (e.g. salaries, caseloads, service provision techniques)? What are the characteristics of effective case management programs?
- Provide “how-to’s,” including a formula for actuarial assessments to determine how to develop monetary incentives and disincentives; templates for states to use; steps for ensuring political buy in and planning. States need help in determining if they are asking the right questions about how to conduct a readiness assessment. Develop a decision matrix for both public and private agencies to use.
- Provide information to states on
 - Effective methods for engaging and working with the courts. Many states have been unsuccessful in this regard, and it has hampered the system.
 - How to engage communities and generate public awareness about the realities of the child welfare system.
 - Models for fiscal analysis and assessing cost effectiveness.
 - Comparative outcome studies. Does privatization produce better outcomes, under what circumstances, and at what cost?
 - How states have structured their outcomes in performance-based contracts.
 - The experiences of other jurisdictions, because the decision to move forward may be politically driven and states may not be able to wait for strong outcome data. States may be able to use information from others to promote a pilot approach rather than statewide roll out.
 - How to effectively manage transition on both a macro and case-level basis.

National Citizens Review Panel Conference
Louisville, KY
Friday, May 26, 2006

There were 23 attendees representing the following areas: Citizen Review Panels, the public, the Child Welfare Administration, foster parents, and the National Resource Center.

A. Defining “Privatization”

- Some participants saw this as contracting out services so the public agency assumes an oversight role. Participants mentioned a range of perceptions, from increased efficiency and expansion of resources for children, to an opportunity for profit within the public sector.
- Some concern was expressed that with smaller initiatives, there is more partnership and communication, but this may be lost with a larger-scale privatization.
- While seen by some as having the potential to expand resources, many participants were concerned about increased cost, and significant profits for to the private sector.

B. Forces Driving Privatization of Child Welfare Services

- Most participants saw privatization as a result of political forces, including lawsuits; dissatisfaction with the current public system and the role of “big government;” the attempt to save money; and a lack of understanding of the real issues facing child welfare.
- Some noted the benefit of flexibility within the public sector, in terms of staffing and personnel practices. Others were concerned it would promote further disconnect and poor communication within the service delivery system.

C. Factors state decision-makers should consider when weighing whether or not to privatize core services

- Participants listed factors such as outcomes, consistency, cost, staff competency, the inherent role of government, financing options, and lessons learned from privatizing other systems such as juvenile justice.
- The point was made that there is a tendency to jump to a solution before the problem is really understood. Prior to making the decision to privatize, a thorough assessment of what is not working within the current system should be done and then solutions planned to remedy that assessment.
- The following groups need to be at the table when privatization is being considered: officers of the court (juvenile justice, guardians ad litem, administrative office of the courts); foster parents; Citizens Review Panels; CASA; previous clients/families; private agencies; law enforcement; legislators from both political parties; and the United Way.

D. The Role of the QIC

- Share information on
 - outcomes,

- effective practices for working with families,
- roles and responsibilities of state and private agencies,
- how to maintain standards in the private system and manage the system,
- cost analysis tied to outcomes, and
- rural and urban differences.

**Informal Discussion with Tribal Representatives
Meeting of States and Tribes,
June 20, 2006, Crystal City, VA**

All representatives from tribes attending the Meeting of States and Tribes were invited to participate in this discussion, facilitated by Carolyn Morrison from the National Indian Child Welfare Association for the Quality Improvement Center on the Privatization of Child Welfare Services. The purpose of the informal discussion was to collect input from tribes during the needs assessment phase of this two-phase project (the second phase is dedicated to implementation). Twenty-two individuals participated, two of which were ICWA coordinators for the child welfare agency, two were ICWA coordinators for the child welfare agency, while two others were NICWA staff members. Tribes provided the following input.

Type of Contracts that Tribes Use for Child Welfare Services

- Participating tribes had diverse formal and informal arrangements for providing and accessing child welfare services for their members in terms of providing core child welfare services directly to tribal members through tribal social services agencies, engaging in 638 contracting for services with community agencies, negotiating title IV-E agreements with states, and relying on state and county child welfare service systems as part of their 280 status or other historical context.
- Participants indicated that due to a relatively small client base, many tribes contract or have less formal agreements to obtain needed services, such as therapeutic foster care, behavioral health, law enforcement, court services such as emergency protective orders, and drug courts. For instance, tribes in 280 states cannot receive BIA funding to establish and maintain tribal courts. Others pointed out that many tribes do not have adequate funding to contract with private providers.
- In rural areas, the problems associated with inadequate funding are magnified. The number of private providers is very limited, and most potential contractors are not culturally competent. Tribes often have no control over who they must obtain services from as this is controlled by the state agency or large groups, such as regional behavioral health conglomerates.
- In urban areas where there are no established tribes, the lack of culturally competent services is a problem for Native Americans. One participant described a locality where a Native American center coordinates services. A number of small gaming tribes pooled funding to contract with the center for foster home certifications and monitoring. However, in general, there is a lack of money to support this kind of

coordination. In these areas, there may not be ICWA experts to testify in court, and tribes do not have funds allocated to send representatives from another state to an urban setting to testify.

Some tribes have an agreement with the state to provide services such as care provided by a tribal foster home. Where there are not tribal foster homes, care is not specialized to meet the special needs of native children. One participant described a positive relationship with specific culturally competent providers, so they were able to put cultural requirements into the contract. Caseworkers are able to oversee that children are receiving the specialized attention, but more collaboration with state agencies is necessary to ensure that Native children are getting what they need through the contracts.

How could contracts be improved to provide better performance?

- Several participants questioned why tribes would want to contract more than they do, and, particularly, to privatize their child welfare programs. A number of reasons for choosing not to do so were cited:
 - This would infringe on their capacity-building initiative.
 - There is inadequate funding to engage in contracting.
 - Tribes have developed particular expertise in providing culturally competent care for their own children and, as a sovereign nation, should be permitted and given the resources to do so.
 - Tribes are concerned about private provider compliance with ICWA -- and if tribes are concerned about state agencies following requirements, there is great concern that the problem would be multiplied with private providers. Participants also expressed concern about the lack of consequences for failure to comply.

- It was noted that compliance with ICWA should be an expressly stated expectation in all contracts.

To what extent have you worked with private providers under contract to PCW agencies?

- In general, there was a lack of understanding in the group that there were a number of states already engaged in contracting with private providers to provide core child welfare services. Significant concern was strongly expressed that this would result with even less compliance with ICWA and an even greater lack of culturally competent services for native children. Accountability would be even more difficult to seek, and the progress that tribes have made with state and local child welfare delivery systems might be undone. Historically, some well-known private child welfare agencies have been the ones to take Indian children from their families, so members of the group expressed resistance to working with them. They believe that child welfare administrators also do not understand this history.

- Several reported a lack of culturally competent services in private agencies and asserted that states should contract with tribes to serve native children. A few participants reminded the group that the private sector does include a number of tribal providers that could be used as examples for replication elsewhere. Such agencies can provide ICWA staff to go to court; work closely with out-of-state tribes to save them the need to go to court; and transition children back to their reservations. There may be a need for Indian people to support further development of such agencies.

Recently a number of states have undertaken large-scale privatization efforts. To what extent were tribes involved in planning or providing input?

- There were representatives from at least two states that have significant privatization initiatives. In both cases, to their knowledge, tribes were not consulted sufficiently, if at all, during this process.
- A representative from another state said that recently the state brought in a consultant to assess the appropriateness of privatizing services as a strategy for saving money, and did at the last minute, attempt to gather tribal perceptions. Those Native Americans who were able to attend the meeting with the consultant were concerned about whether private providers would be required to comply with ICWA. They were told they would receive feedback, but the tribes never received it. The published report, in the opinion of the participant, did not reflect the tribal perceptions.
- There was general agreement that better compliance with ICWA and resolution of tribal child welfare issues have not been a focus of these large-scale efforts.

Beyond privatization, what areas of child welfare reform are most important to tribes?

- Several participants expressed great concern that the outcomes being tracked by the federal government are not culturally appropriate, particularly those pertaining to permanency, as Native Americans generally do not see adoption involving termination of parental rights as an appropriate option. A participant said that it is disrespectful to push this with native families and inconsistent with cultural values. One state is seeing a lot of kids who were adopted coming back into the system as adolescents.
- It was stated that tribes are being monitored on safety, permanency, and well-being, and they have done well, other than issues with the court. Another participant suggested that tribal systems may actually be a good model for states to learn from.
- The overall theme of lack of ICWA compliance was underscored. Others pointed out that ICWA has been in existence for 28 years, and there is still little compliance and no enforcement. If states want to do it, they will, and, therefore, following ICWA becomes a choice. More emphasis has been placed on ASFA than on ICWA.
- Further attention needs to be paid to how tribes can effectively obtain and use Title IV-E funds to support services. Currently, tribes cannot receive Title IV-E funding directly from the federal government, but must negotiate Title IV-E

- agreements with individual states. This is problematic for a number of reasons including the facts that: 1) many tribal lands span more than one state, 2) tribal families are often spread across multiple states, and 3) the federal government should negotiate with tribes directly consistent with concepts of federal trust responsibility.
- The overall lack of adequate funding for tribal child welfare services was emphasized. If more money went to tribes and Native American agencies in urban settings, they could care for the children, and there would be less need for states to care for Indian children.
 - Participants recommended that if the Children's Bureau is really committed to improving services for Native children, a quality improvement or national resource center should be focused on this topic and their needs.

Conference Calls with Judicial Members July 2006

At the urging of participants in the group discussion held on March 28, 2006,⁵ three additional conference calls were arranged during July 2006 with judicial officials. Conference-call participants were drawn from 12 participating sites in the three national forums that were an essential part of the first year's needs assessment for the Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW).⁶ Potential conference call participants were identified from two sources: (1) public agency directors or their designees within the sites; and (2) staff of the NCJFCJ who helped arrange the initial group discussion in Denver.

These two sources recommended a total of 25 potential participants, who were contacted directly by Planning and Learning Technologies staff by e-mail and telephone. Of the 25, nine participated in one of the three calls held in July, while two additional judges have offered to respond to this summary via e-mail.

4 Participants (July 13th, 2006, 1:30 pm ET)

2 Participants (July 14th, 2006, noon ET)

3 Participants (July 14th, 2006, 3:00 pm ET)

⁵ An open group discussion with attendees of the 33rd National Conference on Juvenile Justice, National Council of Juvenile and Family Court Judges (NCJFCJ), in Denver, Colorado was held as part of the QIC PCW national needs assessment (see separate summary).

⁶ The 12 participating sites were: El Paso, Colorado; the District of Columbia; the State of Florida; Cook County, Illinois; the State of Kansas; the State of Michigan; St. Louis, Missouri; the State of New Mexico; New York City, New York; Franklin County, Ohio; Philadelphia, Pennsylvania; and Milwaukee, Wisconsin.

A. Defining “Privatization”

- Similar to the group discussion held at the NCJFCJ conference, the conference call participants represented a diversity of experience with child welfare privatization. All had experience with private agencies providing core child welfare services, and all also had experience with private agencies overseeing case management for children in placement (either child welfare case management or case management associated with other services accessed by children in care such as community mental health).
- When discussing the definition of privatization, the group drew sharp distinctions between the reliance of private agencies to provide discrete services under the ongoing case planning and supervision of the public agency, vs. arrangements in which private agencies assume primary case-management-only, subject to public agency approval at key junctures. However, unlike the group discussion held in conjunction with the national meeting, conference call participants were more balanced in their assessment of the pros and cons of these arrangements. They candidly discussed aspects of privatization that were working in their individual states and aspects that were not.
- All noted that their systems continued to be “in a state of flux” and that they were “continuing to evolve.”

B. Experiences with Child Welfare Privatization Reform and Lessons Learned

1. Assessing the plausibility of privatization initiatives, site readiness, implementation planning, and privatized systems management.

- The group shared their experiences with each of these reform phases:
 - **Assessment:** There was general agreement that judges and the courts were not being adequately included in privatization assessment, planning activities, and processes. However, there was also general agreement that they were included in post-privatization efforts to re-visit initial assumptions and decisions, and revamp initiatives.
 - **Planning:** Participants did not make a distinction between assessment and planning activities, noting that they were generally not well-included in these activities, if at all. Most who were on the bench when privatization was first implemented were simply informed when and how the change was to occur.
 - **Implementation:** All participants noted that the court was meaningfully involved with ongoing reform, generally through multi-disciplinary work groups, task forces, or alliances. Some conference call participants were active members in privatization implementation through these groups, while others relied on their

colleagues to fulfill this function. When queried on the privatization implementation issues they were working on within these groups, the following issues were mentioned:

(1) Issues of accountability -- defining where exactly the responsibility of the private agency ends and the public agency begins.

(2) Representation in court/“streamlining partnerships” -- with the private agency representing the case; defining when, and under what conditions, the public agency should attend court hearings and provide input.

(3) Private contractors ill-suited to their new responsibilities -- participants noted that they favor the replacement of private contractors that cannot deliver.

(4) Cumbersome and lengthy case transfer between public and private agencies.

(5) Cumbersome and lengthy public agency approval processes of private agency placement.

(6) Defining payment responsibility for needed services -- sorting out who is responsible (public vs. private child welfare agency vs. other payment systems vs. community-based agencies).

3. Privatization reform impact on job functions, tasks, roles, and responsibilities

During the group discussion with participants at the NCJFCJ conference, the overwhelming theme was that privatization often served to obfuscate the oversight role of the courts, as case responsibility was clouded. Although participants in the conference calls verified that this issue existed, they also noted a number of other interesting themes:

- **Greater responsiveness on the part of private agencies.** Participants noted that private agency leadership was often much more responsive to court directives than public agency leadership. Several officials explained that given the fact that private agencies are led by a board of directors who are often professional or personal colleagues of judges, in those instances when justices needed an issue addressed, they generally knew who to call and felt confident that they could reach that person, or another with the authority to address the concern in a timely fashion. In comparison, participants noted that the chain of command was not always as clear within public agencies, and

that given the nature of their position and public bureaucracies, public agency officials were not always as responsive.

- **Privatization doesn't solve the most pressing child welfare issues.** Participants also noted that the most enduring child welfare service problems (adequacy of services and funding) often cannot be addressed by privatization. While committed to making privatization “work,” several justices noted that this trend was an “unfortunate detour” from the real issues they faced each day in making informed decisions that would keep children safe and move them to permanency in a timely fashion. While not all participants went this far, all agreed that privatization alone cannot solve all problems facing child welfare and decried those who promised it could.
- **Privatization can lead to greater public and community investment in child welfare.** However, in contrast to the forgoing point, most participants agreed that privatization can also help create a sense of accountability and transparency in service delivery which can resonate more favorably with the public. Additionally, involvement of multi-disciplinary task forces in implementation can help strengthen community service alliances and political advocacy. Together, these two forces can facilitate an atmosphere that promises outcomes while demanding increased funding and other supportive reforms in exchange.

C. Future Reform Directions

1. Primary areas of reform on which the field is currently focused, and how privatization reform can fit within this context

- All participants noted that the primary population upon which their attention is increasingly focused is enabling better resolution for adolescent youths in care. Participants explained that they often feel a certain responsibility to these children, given that they have spent years in placement; are in need of specialized care, placement, and services; and are involved in multiple service systems (e.g., child welfare and juvenile delinquency). To receive needed services and placements, adolescents can be sent great distances from their parents and home community, further lessening their chances of reunification with parent(s) and reintegration into the community.
- Other issues noted by participants (roughly noted in order of agreement):
 - Mental health issues of children in care as public funding for this area is being cut back.
 - Educational needs of children in foster care (recent Chapin Hall study cited).

- Mediation services to: (1) lessen the confrontational nature of child welfare cases and (2) reach earlier resolution amenable to all parties involved.
- Assignment of a single judge to oversee a case from beginning to end, consistent with best practice guidelines.
- The needs of public agencies in receivership.
- Overlap of child welfare issues with domestic violence issues.

3. Child welfare privatization reform five years from now, and a decade from now

- Participants agreed that privatization was a trend that was here to stay and that they would continue to be involved in its implementation over the coming decade.

D. Future Role of the QIC PCW

- Participants didn't volunteer specifics, but wished to stay informed of our efforts. They were grateful for the opportunity to provide input and appreciated the opportunity to talk with their colleagues in other states.

They noted that they would like the opportunity to review this summary and provide additional comments.

Discussion with the Kentucky Organization for Foster Youth (KOFFY)

Youth Leadership Council April 14, 2006, Richmond, Kentucky

There were 11 foster youth attendees.

A. Youth perceptions about the privatization of child welfare services

- The youth had little knowledge about privatization. Their concern focused on how it may impact their ability to get their needs met.
- Some youth thought it was a good idea for states to research the pros and cons of privatization, and make an informed decision based on whether it will benefit the children.
- One youth suggested the state should consider making a video about children who have gone through foster care in private as well as public-run agencies, and compare/contrast the experiences.

B. Perceptions of youth in comparing their experiences with public and private agency workers

- They generally believe public workers are too busy and are overworked, so they saw them less often. In contrast, several stated that private workers were available and accessible. Therefore, more trust and rapport was established with private workers.
- Private workers/agencies seemed to be inconsistent in their guidelines, while public workers were more consistent, their expectations were more constant. Private agencies need to be better educated about state requirements and available resources.
- There should be better collaboration between public and private workers/agencies to ensure that all agencies have the same services and benefits for children. Many felt they missed out on opportunities that other children had because of the agency they were being served by.
- Older youth emphasized the need to associate with foster youth their age, including:
 - Tuition waiver and assistance for children in foster care
 - Private agencies need to offer adequate freedom for young people who stay past the age of 18
 - Private agencies need to do a better job to adequately prepare young people for the “real world” (e.g. budgeting skills)
- Participants noted the high turnover rate for frontline workers in both the private and public sectors, but especially in the public.
- Generally, participants said they received good services/opportunities/benefits from this state’s child welfare system compared to what they know about some other states.

C. The essential functions and responsibilities of a frontline worker, whether public or private, from the perspective of youth in care

- Be dependable, consistent, and knowledgeable
- Be an advocate for youth
- Make youth aware of different services and resources available to them
- Be realistic when communicating with youth
- Listen to youth and respect confidentiality
- Educate foster parents about what will happen when youth turn 18 years of age
- Believe in youth and have realistic expectations of them
- Make more “pop in” visits at the placements
- Be accountable and teach youth how to be accountable for their actions

D. Other general concerns about the child welfare system

- Some system policies remind young people that they are “different” because they are in foster care, such as not being able to get a driver’s license at age 16.
- Medical coverage is inconsistent -- youth are accustomed to being able to have medications paid for, but when they get older, this stops.
- There should be a manual for adoptive and foster care children that gives information about their rights and the benefits available to them, etc.
- Caseworkers need smaller caseloads.

National Expert Summary

May - June 2006

National Experts from the following organizations were interviewed: Court Appointed Special Advocate (CASA) Association, Child Welfare League of America, National Association of Social Work, American Bar Association Center on Children and the Law, and National Foster Parent Association.

A. Defining “Privatization”

- Privatization is basically a contractual relationship between public and private agencies for the delivery of particular services, from privatizing placements all the way to case management responsibility using public funding.
- It was seen as a transfer of functions that were previously the responsibility of the public agency to a system where they are shared between public and private or will be completed uniquely in the private sector.

B. Forces Driving the Privatization of Child Welfare Services

- More than one participant attributed it to a questionable belief it may be cost-effective.
- Some thought that privatization was strengthened by the ability of private agencies to be more flexible and innovative, both in providing services to children in a more targeted way, and in management practices, including staffing, supervision and training. Services may also be provided within the community context, which is an important philosophical shift.
- A number of participants saw the impetus as politically-driven and based on overall dissatisfaction with the public system. Due to the intense pressure on public agencies, some states may be looking to shift responsibility to the private sector.
- One suggested privatization as an opportunity for private organizations to profit.
- Most agreed that decisions about privatization ought to be based on providing higher quality services to children – and that an element of competition can be positive in promoting creativity and innovation.

C. Critical Issues from the Perspective of the Participants’ Organizations about Privatization of Child Welfare Services

- The need to plan carefully so that client needs are not overlooked.
- The need for a robust system for ensuring accountability, based on established performance standards, including federal and state laws and requirements. This may be particularly of concern in interactions with the court system and the fulfillment of legal mandates. If the roles and responsibilities of the public and private systems are not well thought out, participants predicted that there will be lawsuits targeting both the public and the private agencies.
- Concern that private agency staff may not have the necessary knowledge and skills, and may be unable to attract qualified staff.
- Concern whether funding would be better utilized in enhancing public services, rather than shifting responsibility to the private sector.

- Private agency capacity and performance needs to be carefully assessed and monitored. On-going communication between the public and private sectors is critical. This is important on the case level as well, including close communication between workers and foster parents. With shared case management between the public and private agencies, this is even more complicated.

SECTION 5

University of South Florida Report on Discussions with Consumers, Youth and Resource Parents

The QIC PCW contracted with the University of South Florida to conduct facilitated discussions with consumers, specifically foster youth, birth families and foster and adoptive parents, who have received services from Florida's Department of Children and Families pre- and post-privatization of their child welfare services.

Focus Groups with Key Consumers of a Privatized Child Welfare System

Authors: Mary Ann Kershaw & Mary I. Armstrong

Department of Child & Family Studies • Louis de la Parte Florida Mental Health Institute
University of South Florida, Tampa

Introduction

In fiscal year 2005, the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) was funded by the Children's Bureau. The QIC PCW is a five-year knowledge development initiative through a cooperative agreement between the Children's Bureau and the University of Kentucky College of Social Work and Planning and Learning Technologies, Inc. (for more information, <http://www.uky.edu/SocialWork/qicpcw/>).

One of the first tasks of the QIC PCW was to conduct a national needs assessment and knowledge gaps analysis. As part of that effort, the Louis de la Parte Florida Mental Health Institute at the University of South Florida (FMHI-USF) was contracted to conduct focus groups with consumers of the Florida Department of Children and Families' (DCF) Community-Based Care (CBC) Initiative, a statewide privatization effort. Florida's CBC is based on a lead agency model where a not-for-profit agency is contracted to provide (or subcontract for) all foster care-related services for a specified geographical region. Excluded from CBC are child protective investigations and child welfare legal services. The transition to CBC in Florida began with legislation in 1996 that established five privatized child welfare pilot projects. Full implementation (i.e., functioning lead agencies in all 67 counties) was reached during 2005.

The specific purpose of these focus groups was to gain insight from three key consumer groups: (1) youth who have aged out of foster care, (2) foster parents, and (3) biological parents regarding the transition from a state-operated child protective system to a privatized system run by locally contracted lead agencies.

Methods

A focus group is an interview with a small (i.e., six to eight), homogeneous group of people on a specific topic (Patton, 1987). Focus groups are intended as interviews, thereby not requiring consensus reaching or decision-making among participants. This methodology was selected in order to gain input from a larger number (i.e., larger than individual interviews) of respondents in a short period of time with limited resources.

Questioning routes were designed for each of the three focus groups (see Exhibits A-C). Questions were designed to discuss the transition to community-based care at a high level, with efforts to avoid discussions of specific lead agency experiences. Each group was designed to last approximately one hour and 15 minutes, and was co-facilitated by two faculty members from FMHI-USF. One facilitator conducted the focus group while the co-facilitator

assumed responsibility for note taking and a 15-minute session review at the end of the group. The review was done on a flip chart, and allowed the facilitators to gain assurance that they had captured the content of the group. These notes were used to generate themes for each of the groups and serve as the basis for this report.

Faculty from FMHI-USF made contact with three agencies in the State of Florida requesting assistance with recruitment for each of the focus groups. Each group was held in a different geographic location being served by a different lead agency. The lead agencies (or their subcontractors) made arrangements for space for the focus groups. USF-FMHI provided refreshments for participants and \$25.00 stipends for participation. The stipends were intended to compensate participants for their time, but also to offset any additional expenses (e.g., childcare or transportation) they may have incurred by attending.



Louis de la Parte
Florida Mental Health Institute

Inquiries about this report and/or the process should be directed to Mary Ann Kershaw, Research Faculty member at the University of South Florida; kershaw@fmhi.usf.edu

Limitations

While focus groups are an excellent means for gathering opinions from groups of individuals, they cannot assume to capture all possible responses to an issue as complex as child welfare privatization. The findings from these groups need to be considered carefully due to the fact that they only reflect responses from 13 individuals. The opinions voiced are also influenced by the practice of the lead agency serving the area represented, and may not necessarily describe practice statewide. Therefore, generalizations should be made with caution.

Findings

The three focus groups were held on June 7th (youth), June 12th (foster parents) and June 19th (biological parents) in three different Florida communities that are served by three different lead agencies. The goal was to recruit five to ten participants for each group. Each of the recruited participants was expected to be able to speak to the transition to community-based care. Findings from each of the three groups will be presented separately; common themes across the groups will then be discussed.

Youth Group

The youth focus group was held on Wednesday, June 7, 2006 at the Connected by 25 program site associated with the lead agency in a west coast Florida county. Connected by 25 is a program designed to help young people who "age out" of foster care make successful transitions to adulthood. The program attempts to connect the youth to education, employment, housing, banks, and other support systems by the age of 25 (<http://www.thehatcher-group.com/doc/Cby25%20one-pager.pdf>).

The youth group included six youth (four females and two males) between the ages of 18 and 20. All of the youth had been in the foster care system long enough to remember pre-CBC, when they received services from a Department of Children & Families (DCF)

Exhibit A

Questioning Route for Youth Focus Group Re: Privatization

- 1. How were you made aware of the shift from the Department of Children & Families (DCF) to [the lead agency]?**
Probes: Did you have a case manager who informed you?
Did you receive a letter?
Did you hear it through the grapevine?
- 2. How would you describe your initial reaction(s) to the news?**
Probes: Did you expect things to be "better" or "worse"?
What, if any, changes did you expect?
- 3. What changes have you seen in the way things were done for you and your family?**
Probes: Are you more involved in planning for your family?
Are more services available in your community?
Is it more difficult (or easier) to access services?
- 4. In what ways were you involved in the transition?**
Probes: Were youth invited to attend community forum or other meetings?
Were youth asked their opinions about how services were provided?
Were youth asked to complete satisfaction surveys?
- 5. In what ways were Independent Living services impacted by privatization?**
Probes: Are more community services available?
Were things explained to you any differently than they had been?
- 6. Looking back at the transition, what was handled well? What could have been handled differently?**

caseworker. In fact, several of the youth remembered when DCF was still the Department of Health of Rehabilitative Services (HRS), a change that occurred in January of 1997.

How were you made aware of the shift from the Department of Children & Families (DCF) to the current lead agency?

- Most youth were told about the transition by their case manager, although some did not recall being told; they "just found out" at some point. Those who were informed were told about the change in name, and/or about their new case manager. One youth stated that his/her case manager "just dropped out of the picture". Another youth kept the same case manager but he/she assumed a supervisory role, and the

youth received less attention after the transition.

- Three or four youth recalled being told that they "probably wouldn't like it" in reference to the impending change.

How would you describe your initial reaction(s) to the news?

- One youth immediately responded that she thought about running away because she was worried that she would lose her case manager of three years.
- There was some hope expressed about the transition. More specifically, the youth voiced their frustration with case managers who "can show up at any time" (oftentimes creating embarrassing and irritating situations), and hoped that might be better with the new system. They

do believe this has gotten better, but that it depends on individual case managers.

What changes have you seen in the way things were done for you and your family?

- After the transition, all runaways needed to be reported.
- More paperwork (e.g., youth must now complete and periodically update their transition plan).
- Youth now receive a clothing stipend rather than a voucher than can only be used at certain stores.
- Since the transition, the case manager is required to take the youth to court hearings. (Note: One youth noted that this change might be related to their age, rather than to privatization.)
- The youth agreed that “[the lead agency] worker” carries less stigma than “DCF worker”. They also felt that the public’s perception of the lead agency was more positive than that of DCF, and that they “wanted to show the public that foster care kids are not all bad”.
- Some youth felt that DCF staff treated them “like a child”, and that this behavior caused them to respond with child-like behaviors. They believed that the lead agency staff are treating them more like young adults, and with higher expectations.
- Since the transition, there are more rules in both foster family and group home living arrangements. The youth especially dislike the rule that, in order to stay overnight with a friend, the youth’s family has to have background checks. The youth recognized that this requirement was related to liability.

In what ways were you involved in the transition?

- During early implementation of the local lead agency, a group of youth was convened to give input into the planning process.
- The local lead agency has a Youth

Advisory Board that meets monthly where youth are asked their opinions about services. Under DCF, this happened infrequently, if at all (e.g., one youth recalled a foster care picnic where there were efforts to solicit youth feedback).

In what ways were Independent Living services impacted by privatization?

- Connected by 25 was described as the “Most wonderful program”. This comment was made immediately by a youth when the question was raised, and others expressed agreement.
- Since the transition, Independent Living includes a rule that you must actively participate in the program (e.g., must have a job). They noted that it is not an entitlement program. Youth further explained that there are more choices (e.g., a youth can have a job up to 20 hours/week, and the income is not deducted from their monthly allotment of \$892).
- All the youth were living on their own. Most had found their living situation on their own. One youth noted that the lead agency’s credibility and positive reputation in the community was useful in dealing with issues such as a down payment

for an apartment.

- Locally, Education Specialists have been hired who follow youth ages 13-17 from school to school, as they experience moves, in order to ease their entry into a new school.

Looking back at the transition, what was handled well? What could have been handled differently?

- Better communication between DCF and the lead agency was needed.
- Better communication between the case managers and the youth about the transition would have been helpful.
- Better screening for case managers is needed – youth felt some of the new case managers do not know what they are doing.
- Smaller caseloads are needed for case managers so that each youth could receive needed attention (both under DCF and the lead agency).
- Fewer changes in case managers (again, both under DCF and the lead agency).
- One positive change noted was that the lead agency issues youth a check for their clothing stipend rather than a voucher that can only be used at one store.

Foster Parents

The foster parent group was held on Monday, June 12, 2006 at the administrative office for a lead agency serving a number of Central Florida counties. The group included six foster parents, all of whom had been foster parents pre-privatization (range of one to eight years). One parent was going through licensing at the time the transition occurred, and another foster parent was no longer fostering, but had experienced the transition.

How were you made aware of the shift from the Department of Children & Families (DCF) to the lead agency?

- Two foster parents reported receiving a letter from DCF and then being told by one of their case managers.
- One foster parent read about it in the newspaper.
- One foster parent had just been licensed, and called DCF to see how the transition would affect her.
- A staff member from the lead agency’s parent company came to the foster parents’ monthly meeting and discussed the transition.

How would you describe your initial reaction(s) to the news?

- Some foster parents thought that “things would be better, hope for a better, smoother future”; but some experienced apprehension. There were concerns that practice would be more business oriented and less child-centered.
- Generally, foster parents hoped for higher reimbursement rates, but that did not happen.
- There was a general confusion about who to call (e.g., made eight phone calls to get an answer to a question, lots of phone calls without answers, office numbers changed during transition, could call main number but difficult to find person who could answer the question).
- Caseworkers were very nervous (more than the foster parents), and foster parents felt like they were offering them consolation. Case managers did not know whether they would have a job, or whether they would be their case manager; there were concerns about retirement, benefits, and office locations.

What changes have you seen in practice involving you and the child(ren) in your care?

- Lots of new caseworkers who do not know the rules.
- Very little change (consensus) – case managers just doing their paperwork; doing the required face-to-face visits.
- Best interests of children not being met; pressure to get children out of the system
- Children now sometimes get “pushed home too soon”.
- Sibling maintenance requirement — “pushing” this even if inappropriate.
- Apprehension and confusion still exist; workers change more often now than before.
- Inexperienced case managers and lawyers; make mistakes in court.
- Turnover of case managers with high caseloads.

Exhibit B

Questioning Route for Foster Parents’ Focus Group Re: Privatization

1. **How were you made aware of the shift from the Department of Children & Families (DCF) to [the lead agency]?**
Probes: Did you have a case manager who informed you?
Did you receive a letter?
Did you hear it through the grapevine?
2. **How would you describe your initial reaction(s) to the news?**
Probes: Did you expect things to be “better” or “worse”?
What, if any, changes did you expect?
3. **What changes have you seen in practice involving you and the child(ren) in your care?**
Probes: Are you more involved in planning for your family?
Are more services available in your community?
Is it more difficult (or easier) to access services?
4. **What changes have you seen in policies and procedures that affect you as foster parents?**
Probes: Were any changes made in reporting requirements?
Were any changes made in reimbursement procedures?
5. **In what ways were you involved in the transition?**
Probes: Were foster parents invited to attend community forum or other meetings?
Were foster parents asked their opinions what services were provided?
Were foster parents asked to complete satisfaction surveys?
6. **Looking back at the transition, what was handled well? What could have been handled differently?**

- Some case managers do not send Judicial Review notices and other court dates to foster parents (this used to happen under the DCF system).
- The addition of Family Clinical Specialists (two foster parents found these helpful with child behavior and getting youth back on track).
- The general consensus was that it is difficult to have children from different providers who have different rules and regulations. (Note: Lead agency has multiple subcontracted case management organizations within the same geographic locations so a foster home could have assignments from each.)

What changes have you seen in policies and procedures that affect you as foster parents?

Positive changes

- Teenagers now can do “what normal teenagers do”. Foster parents recently received a letter about treating them like “normal kids”.
- Case manager must get back to foster parent within 24 hours of call.
- Paperwork (e.g., mileage reimbursement) can be faxed in, but it is inconvenient to keep track of odometer for mileage reimbursement.
- More complete foster child resource folders (i.e., yellow jackets) coming with children upon placement.

Negative changes

- Each case management organization (CMO) has different policies.
- Case managers are responsible for foster care and adoptions (DCF had specialty units)—are not prepared when they go to court.
- Foster parents reported that “we have no rights”, and further explained that their opinions are not taken into consideration when placement changes are being made.
- Children being moved and put “anywhere” without home studies. Children are taken out of a stable foster family and put with unstable relatives.
- A perception that the lead agency is trying to “meet numbers” (e.g., need to get children out the door) even if not everyone thinks it was appropriate.
- Get more help from the Guardian ad Litem than from case managers.
- Perception that more children are being moved out of district.
- Harder to get a clothing voucher – they are store specific and often are not stores that sell school uniforms.
- Getting fewer free passes for events; fewer donations.

In what ways were you involved in the transition?

- As noted, an agency representative came to a foster parent meeting to talk about the change.
- Steering Committee meetings are held every quarter - ongoing efforts to get foster parents involved.
- Executive Director publicly states that she wants foster parents more involved; foster parent organization not sure whether this would be helpful.
- A year ago there were several sessions to get foster parent input but no follow up was done (e.g., foster parents wanted handbooks).
- Fear of getting blackballed. Stories of foster parents who complained and either stopped getting children or received threats to pull children. Some are guarded about what they say and to whom.

Exhibit C

Questioning Route for Biological Parents’ Focus Group Re: Privatization

1. **How were you made aware of the shift from the Department of Children & Families (DCF) to [the lead agency]?**
Probes: Did you have a case manager who informed you?
Did you receive a letter?
Did you hear it through the grapevine?
2. **How would you describe your initial reaction(s) to the news?**
Probes: Did you expect things to be “better” or “worse”?
What, if any, changes did you expect?
3. **What changes have you seen in practice involving you and/or your child(ren)?**
Probes: Are you more involved in planning for your family?
Are more services available in your community?
Is it more difficult (or easier) to access services?
4. **In what ways were you involved in the transition?**
Probes: Were parents invited to attend community forum or other meetings?
Were parents asked their opinions about how services were offered?
Were parents asked to complete satisfaction surveys?
5. **Looking back at the transition, what was handled well? What could have been handled differently?**

Looking back at the transition, what was handled well? What could have been handled differently?

- The Steering Committee has been a positive effort. Foster parents were asked upfront what was working and what needed to be fixed.
- More information for both foster parents and caseworkers was needed before the transition.
- Due to their specific circumstances, foster parents believed that there would be less confusion if fewer agencies were involved (lead agency, four case management organizations, and DCF conducting the child protective investigations).

Biological Parents

The biological parent group was held on Monday, June 19, 2006 at a case management organization subcontracted by a lead agency in Central Florida. The group included only one birth mother. Six parents were invited, three confirmed intentions to attend,

but only one showed for the group. The one participant was the mother of a daughter who had been involved in the child protective system off and on since 1995.

How were you made aware of the shift from the Department of Children & Families (DCF) to the lead agency?

- The mother was not familiar with the lead agency, only with the case management organization. She described an incident in September of 2004 (during the transition) where she and her daughter’s foster mother drove to the DCF office in search of their caseworker who they were unable to reach. Upon their arrival, they found that the signs had been changed to the case management organization (CMO). A supervisor came out and told them about the change that had occurred and assured them that someone would be in contact “soon”. It was almost one month before the mother met the new caseworker.

How would you describe your initial reaction(s) to the news?

- Based on the experience described above, she was shocked and apprehensive, despite reassurances from the CMO supervisor that nothing drastic would be changing.

What changes have you seen in practice involving you and/or your child?

- Believes things have gotten worse – particularly communication.
- Used to receive written monthly status reports regarding her daughter, copies of each report card, and timely notices of court hearings. She claims that she has received none of those since the transition with the exception of a report card this most recent grading period.
- She also reported that her daughter has moved more frequently since the transition.
- The new system reportedly does not pay for services that used to be covered. In the past she felt that DCF would pay for things they added to the case plan, but now there are frequent comments about not being able to ask for more money for services.

In what ways were you involved in the transition?

- This is the first time she has ever been asked to speak about the transition or her experiences with the system.

Looking back at the transition, what was handled well? What could have been handled differently?

- This mother feels adamantly that child protective services are the responsibility of the State and that no other state should consider privatizing.
- "Just don't do it. It doesn't work" was the message she wanted to share.

Common Themes/Discussion

The three leading themes across the three groups were that of communication, confusion, and education – three important elements in any change process. Issues around each theme were raised throughout the transition process up to the present time. This serves as a reminder that a transition such as privatization of a child welfare system is not a "flip the switch" proposition.

The need for clear **communication** throughout the transition process was a major theme in each of the three groups. Each of the groups talked about the seemingly random manner in which the change was introduced to the community. Only two participants out of a total of 13 indicated that they had received a letter alerting them to impending changes. One foster parent reported finding out from the local news broadcast, and one biological parent found out when she attempted to visit her case manager at his office. The most common means for finding out about a transition to privatized child welfare was through the case managers. This may have not been a positive method given that the case managers were concerned about their own futures. Foster parents reported consoling distraught case managers when they were attempting to find out what was going on. There was a positive response to efforts that were made to solicit input from stakeholder groups – foster parents spoke highly of the local Steering Committee and the youth were pleased to be a part of the Youth Advisory Group. There was not, however, necessarily follow through on the outcomes of such meetings.

Ongoing communication at various levels is essential in any child welfare system – this is not unique to a privatized system. Caseworkers need to maintain communication with youth, foster parents and biological parents. Participating youth believed that caseworkers are now more likely to assure their attendance at court dates (although that might be related to their ages). Foster parents and the one biological parent, however, reported less communication about court dates. The one birth mother shared that, in the past, she had always received status reports, notices of court dates, and copies of report cards, but that she does not under the private system.

There was a sense among group participants, particularly among foster parents, that there had not been clear communication between DCF and the local lead agencies, leading to **confusion** regarding roles and responsibilities. This was particularly true during the transition, when it was difficult to reach anyone by telephone who could answer a question. Foster parents reported being referred a lot between DCF and the lead agency and within each of the agencies. Foster parents and the birth parent suggested that this confusion is further exacerbated when there are multiple subcontractors involved. Not only are answers not forthcoming, but also each agency may operate with a different set of rules. The end result is frustration for all parties.

Foster parents expressed some initial fears that a privatized system would be run more like a business than a social service operation. They did not feel that had happened, but that there is an increasing focus on accountability and "meeting the numbers." This may be more a reflection of the status of child welfare practice nationally than attributable to privatization. Concerns were voiced that there was an increased focus on getting children out of the system faster – sometimes too quickly. Guidelines around reporting runaways, doing background checks, maintaining sibling groups, and utilizing relative placements were all reported as being taken more seriously under the current system. Another issue that was repeatedly raised that may not be attributable to privatization, but worthy of sharing, is the need for maintaining a qualified and prepared workforce. Turnover continues to be an issue and inexperienced caseworkers and attorneys are, at times, slowing down permanency for Florida's children.

References

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A related theme noted across the groups was a need for **education** of all stakeholders regarding changes in policy and practice that may occur as a result of privatization. While this need is clear for caseworkers and attorneys, it also holds true for other community providers (e.g., mental health providers) and community system representatives (e.g., courts, juvenile justice). Focus group participants pointed out that the education may be as global as informing other child-serving agencies about the impending transition and the mission of the new lead agency. Specific examples of policy changes that were noted included increased emphasis on use of relative placements, maintenance of sibling groups, and shorter lengths of stay to meet federal standards and state benchmarks.
