ENGAGING THE PRIVATE SECTOR TO INCREASE POSITIVE PERMANENCY OUTCOMES FOR CHILDREN IN FOSTER CARE

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America’s foster care system is inefficient and riddled with problems, and too often fails to meet the needs of the children it was intended to serve.¹ Foster care is a costly system, requiring cumbersome paperwork and endless protocol that often appears to take precedent over the best interests of children, although the system itself was established to safeguard them.²

Many legislators, individuals, and advocacy organizations have recently rededicated themselves to searching for solutions to problems within the foster care system found nationwide. In 1997, Congress attempted to address many of these problems by passing the Adoption and Safe Families Act (ASFA).³ Its objectives were to promote timely and permanent placements for children in foster care, ensure the safety of children, and increase accountability throughout the foster care system.⁴

Despite the real improvements made by ASFA, however, far too many children continue to wait in foster care rather than find permanent homes with willing adoptive families. In 2007, the Dave Thomas Foundation found that 30% of Americans have considered or are considering adoption, and 71% of those have considered adoption from foster care.⁵ In 2010, the National Council For Adoption performed a similar survey, and 40% of those surveyed expressed an interest in adoption.⁶ Yet as of September 30, 2010, 107,011 children were waiting to be adopted out of foster care, and that year 27,854 children aged out of the system without permanent families of their own.⁷

Fortunately, efforts to fix the problems plaguing the foster care system did not end with ASFA. One such effort, a new method of organizing state foster care systems, has begun to emerge in recent years. In several states, nonprofit service provider organizations are now collaborating with state child welfare systems to provide more efficient, service-oriented, child-focused, and parent-friendly foster care services. It appears as if these partnerships have led to some measure of success in increasing the permanency outcomes, including

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the number of adoptions from foster care.

While such public/private partnerships do not eliminate the pressing need for state child welfare systems to pursue and enact much needed reforms, in light of the importance and undeniable benefits of permanency for children through adoption, a method of organizing state foster care systems that substantially increases the number of adoptive placements is worthy of further exploration.

Methods of Collaboration

It is important to clarify that there is not a “one size fits all” model of collaboration. It is appropriate to think of collaboration on a spectrum of child welfare services in order to consider the many ways that private entities (usually nonprofit agencies that provide child-related services) might work together with the state government to assist with child welfare services. On one end of the child welfare spectrum would be no collaboration; the state completely controls and operates the child welfare system through government agencies and employees. At the other end of the spectrum, there might be public/private partnerships, with governmental bodies giving complete control of the state’s child welfare services to a single private entity. In the middle of these extremes, we might find a system in which multiple private entities in a single community collaborate, each providing services and enhancing the overall effectiveness of the system.

There are many options for collaboration. The four major variables of collaboration include: (1) the size of the locality involved in collaboration, (2) the type of service provided in a collaborative effort, (3) the amount of government support and the management of private entities, and (4) how and what amount private entities are reimbursed for the services they provide.

In September 2010, there were over 107,000 children in foster care who were eligible for adoption. Yet only 52,340 of these children would be adopted. Many current foster care systems continue to make it extremely difficult for children in foster care to find permanent families through adoption. Although there are many different ways to acquire positive permanency results for children in foster care, this article primarily focuses on those collaborations that seek to find permanency for eligible children via adoption.

In 1996, Kansas introduced a revolutionary new approach to foster care, becoming the first state to fully privatize its foster care services. Under this new model, the Kansas Department of Social and Rehabilitative Services abandoned its role as the state’s largest adoption and foster care services provider, and began to act solely as a purchaser of child welfare services from private agencies. In this context, privatization “generally refers to a range of strategies that involve the provision of publicly funded services and activities by nongovernmental entities.” The state essentially contracts out to private agencies for the provision of foster care services. This type of performance-based contracting is focused on improving outcomes for children. The hope is that, while the effectiveness of foster care services will increase, the overall cost of providing them will decrease. Although many people believe this system substituted one government-controlled system with another, it has opened the door for new alternatives to be considered.

Following Kansas’s lead, other states began privatizing aspects of their foster care system. Michigan and Texas began to utilize the efficiency, expertise, and community connections that often already exist amongst specialized private organizations. For example, Michigan now employs a system that encourages independent nonprofit agencies that specialize in specific needs of children in foster care (including assisting with adoption plans and providing other health and human services) to compete for the right to provide higher quality and more affordable adoption and child welfare services.

Many smaller states have also found that
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Teamwork among private agencies plays a vital role in the success of privatization. For example, in Florida, one of the most recent states to embrace the service of private agencies, there exists an impressive degree of collaboration and cooperation among organizations, and the state has supported these efforts through regular calls, meetings, and conferences. Arrangements such as this provide a positive example of government support for programs that encourage collaboration — taking advantage of and combining the knowledge and skills of each organization for the common good of supporting children in foster care.

An oft-mentioned problem within current public child welfare systems, one that has detrimental effects on the rate of adoption from foster care, is the state’s lack of timely responsiveness to the queries of potential foster and adoptive parents. Numerous prospective foster and adoptive parents relate frustrating tales of encountering only deafening silence in response to their queries to public agencies. Collaboration with private agencies, however, seems to address this issue to some extent, and results indicate that these collaborations, particularly with adoption service providers, show good results in reaching out and holding on to prospective adoptive and foster parents, perhaps because adoption service providers already have considerable experience in and effective strategies for working with families interested in adoption. In states with this type of collaboration, the state often works in conjunction with private agencies to recruit, train, and retain both foster and adoptive parents.

Another example of this type of collaboration is the Wait No More program, established in 2008. Through one-day events and targeted marketing campaigns, Wait No More has collaborated with governments in eight states to successfully engage families in the adoption process for many waiting children. Lifeline Children’s Services, Inc., a privately licensed adoption agency in the state of Alabama, reached out to state child welfare officials in two counties and offered to help recruit, train, and support foster families — at no cost to the state. This new effort has shown marked success, and state officials have asked Lifeline to expand the program into other counties as they consider other ways to collaborate in the best interests of the children served by the system in Alabama.

The private agencies with which states contract seem to be capable of not only recruiting adoptive and foster parents, but also providing the post-placement services that are so important to ensuring positive outcomes for children by providing the support that families need to thrive. These methods of cooperation, while distinct from the complete privatization of the foster care system, still demonstrate the value of involving the private sector in foster care services. Since nonprofit entities naturally tend to foster close relationships within their communities, they are able to address the true needs and concerns of communities in regards to foster care and adoption. In social services situations, some individuals might be uncomfortable with the government and its representatives. Trust and candor between the social worker and families are vital to both successful reunifications and foster care adoptions. By engaging private agencies to assist in these communities, the state may be able to leverage the pre-existing public trust in these nonprofit agencies in order to more effectively find permanency for children in foster care.

States that have implemented collaboration with private agencies have all done so in their own unique ways. Each state’s internal...
differences, along with its individual ability to learn from the challenges and successes in other states, has led to a wide variety of collaborative public/private relationships. Kansas, which privatized all aspects of its child welfare systems except for Child Protective Services, has the most intensive privatization system. In designing this program, Kansas set certain objectives for improvement, such as focusing on high quality at a reasonable cost, having a single case manager assigned to children and families throughout the entire service delivery process, and increasing the availability of child welfare services throughout the entire state. In pursuit of these objectives, Kansas contracted with individual private agencies to provide foster care, family preservation, and adoption services, targeting expertise in each of these topics. Private agencies in Kansas then bid for state contracts. Within the inaugural year of Kansas’ privatization of child welfare services, finalized adoptions increased by 44 percent, and Kansas saw an 81 percent increase the following year.

Following the apparent success in Kansas, other states, including Florida and Georgia, moved towards collaboration with private nonprofits. Michigan began relying more on private agencies to provide child welfare services, and also established an incentive structure based on the private agencies’ outcomes. An in-depth look at each state shows marked differences in the methods of privatization, yet all clearly demonstrate the value of a well-managed role for professional, ethical private agencies working in the foster care system.

**Preliminary Benefits of Privatization**

Since the practice of turning to private nonprofit entities for assistance in providing foster care services is relatively new, only limited research has been compiled. Early results, however, seem to indicate that collaboration with such agencies is beneficial for children in foster care. The most telling and important sign is an impressive increase in adoptions of children eligible and waiting to be adopted from foster care. State collaboration with private adoption services, according to Lisa Snell, the director of education at the Reason Foundation, represents “the most successful and the least controversial component of child-welfare privatization.” While legislation and the adoption tax credit have also helped to make adoption less burdensome for some families, state partnerships with private organizations, including licensed and accredited adoption agencies, have led to a true reduction in the number of children in foster care waiting to be adopted.

Since the 1980s, Michigan’s Department of Social Services has provided roughly two-thirds of its adoption services through contracts with private agencies. The results are promising. Not only have adoptions consistently increased since 1987; in 1996, 60 percent of the children adopted had previously been labeled “unadoptable” by public agencies. One article attributes a portion of Michigan’s success to the element of competition introduced by contracting out adoption services to private agencies, which gives the private organizations an incentive to search for a larger quantity and higher quality of prospective foster parents.

Bethany Christian Services serves children and families in eight locations in Michigan, providing adoption and foster care services for children under contract with the state. According to Brian J. De Vos, Director of Operations for Bethany’s Michigan branches, this partnership has effectively increased both innovation in and collaboration between public and private resources, to the benefit of the state’s most vulnerable citizens.

Furthermore, since privatization was introduced in Kansas, inquiries from prospective adoptive families have tripled, and children spend less time overall in foster care in addition to being adopted at a higher rate. In one federal study, Kansas’s foster care system consistently scored higher than averages in other states surveyed regarding foster care services, the wellbeing of children, and family
preservation. It also ranked very high in child safety, reliance on kinship care, delivery of services to both children and parents, and helping children stay out of the system after their release.

The preliminary results of collaboration with private agencies in Illinois are also encouraging. Foster care caseloads have significantly declined, adoptions and guardianships have increased, and the system has become more efficient. Collaboration also led Illinois to be ranked amongst the best of states in terms of achieving permanency for children in foster care between 1997 and 2002 (in addition, these results were achieved with some budgetary savings). Overall, increased adoptions for children awaiting adoption have followed when private agencies engage in child welfare services in many states.

Despite the recent emergence of collaboration models of foster care systems, such systems have already demonstrated great promise in increasing adoptions. This increase will not only benefit children; by increasing adoptions out of foster care, the state may ultimately save money. One analysis of caseloads and expenditure data from both state and federal child welfare agencies indicates these savings might even exceed a billion dollars per year. While the best interests of children alone should be enough to spur consideration of involving private agencies in overburdened state foster care systems, the additional benefit of cost efficiency could provide additional incentive for state policymakers and legislators to consider collaboration models.

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**Flaws of Privatization**

Although many benefits seem to be associated with some private collaboration models of foster care, the states that have embraced it have by no means ended the challenges and failures of the foster care system. Many problems do remain, and the system must be continually evaluated and refined.

One notable problem in some states that have embraced public/private collaboration is an increased caseload for individual child welfare case managers. In Palm Beach County, Florida, the average number of caseloads rose from 20 per manager in 2004 to 35 per manager in 2007. The county attributes a portion of this caseload stress to a combination of the rise in the number of children in foster care and the lump payment model found in Florida’s privatization system. At a time when there were 300 more children in care, the contract between the state and private agency allotted the same funding as before. Both Indiana and Texas have seen similar problems arise in the number of caseloads per manager.

Furthermore, while some states have shown improvements in the number of adoptions out of foster care after introducing elements of foster care privatization, these states still lack a seamless foster care system. Some claim that the private agencies are in need of greater oversight and correction. One critique of Michigan’s competition-based privatized foster care system is that, rather than being “market sensitive” and allowing prices to fluctuate in harmony with the economy, the prices for adoption are set by the state.

In Nebraska, a model of regional contractors with many subcontractors did not prove effective. Concerns arose as regional contracting agencies failed to pay subcontracting agencies and reimbursement rates for foster families significantly dropped under private management. The Nebraska legislature is investigating what went wrong in order to improve the system, but some concerns aired include...
confusion in communications as case management was split between the state and private agencies, contract payment rates were set without appropriate analysis of costs, and the state and private partnership may have begun before either the state or private agencies were adequately prepared for the new arrangement. In Kansas, the state paid each private contractor a fixed amount for each child; while this amount was expected to cover all services provided to the family during the child’s stay in foster care, the contractors began to face grievous cost overruns. Kansas, however, has made laudable efforts to correct this issue by altering payment methods to service providers in its contracts with private agencies.

Suggestions for Effective Privatized Foster Care Systems

Curable problems should not be allowed to overshadow the potential benefits and system improvements offered by foster care collaboration options. Yet it is important to note that these benefits do not automatically result from signing a contract or issuing a memorandum of understanding between the state and private organizations. In addition to contracting, thoughtful and strategic incentives and guidelines must be established in order to fully realize the potential benefits of privatization.

Before implementing a private collaboration model, it is necessary to survey existing models in order to learn from their problems and to determine which methods are most effective and applicable to your state’s needs. For example, the system in Illinois, which permits the greatest degree of competition among private and public agencies, achieved the best results in increasing adoptions and eliminating inefficient providers.

Furthermore, several notable lessons may be learned from studying systems in Michigan and Kansas. Researchers found that it is important to encourage time-based adoption placement goals, structure the method of payment to private agencies in a way that will reward the efficient placement of children in qualified adoptive homes, and establish performance-based contracts that can hold agencies accountable to clearly defined goals.

Additional best practice models include a phased-in transition period with a clear and articulated plan, high levels of communication and cooperation between public and private agencies, the promotion of competition among qualified agencies, rewards for good agency performance, and performance measures for agencies. Private organizations should be assessed according to efficiency and quality of service, ensuring that they meet all state requirements before contracts are made or renewed, and an independent evaluator should regularly examine the work of independent agencies. Every private agency involved must be held accountable for its actions in order to maintain the integrity of the system and to increase the quality of services provided.

Furthermore, rushing into an adoption without adequately preparing the child or the prospective family, or failing to provide adequate assistance and support after the adoption, must not be advocated by any agency under any circumstances.

The initial positive results of privatization, coupled with the dire need for reform in the foster care system, indicate that it would be wise to continue engaging private agencies in the provision of foster care services. By drawing upon the experiences, both positive and negative, of current models of collaboration in various states, more state governments can implement methods of collaboration that best address their own current needs, strengths, and weaknesses, and benefit the many thousands of children waiting in foster care.
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4. Ibid. In an attempt to increase the timeliness of permanency decisions this act required state agencies to make permanency plans for children within 12 months of the child’s removal from home and to initiate termination of parental rights proceedings if a child has been in foster care for 15 out of the previous 22 months unless there has been an exception.


9. Ibid.


18. Boo, M. (Summer 2010). This article identifies reasons why certain states have greatly increased adoptions and listed among those reasons was partnering with private agencies. *Successful Older Child Adoption: Lessons from the Field. Adoptalk.* Retrieved from http://www.nacac.org/adoptalk/OlderChAdoptions.html.


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23 Ibid. at 203.


25 Ibid. “The results in all eight states are remarkable. In Colorado alone, the number of foster children eligible and waiting for adoption was cut in half just one year after the first Wait No More event.”


29 Corkran, K.B., (2006). Principal-Agent Obstacles to Foster Care Contracting. 2 J.L. Econ. & Pol'y 29, 41-42.

30 Ibid.


33 Ibid.


37 Ibid at 7.

38 Ibid at 7.


50 Ibid.
54 Ibid.
55 Ibid.