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Next Steps for Child Welfare Reform in Nebraska by Lisa Snell

Today, the Platte Institute is releasing its new policy study on the future of child welfare reform in Nebraska, specifically analyzing the effects of privatization and how it can be improved in the future.

In 2009, Nebraska began contracting with private companies and nonprofits to provide child welfare and juvenile justice services after national indices showed Nebraska removed around 12 percent of children from their homes-double the national average of 5.6 percent-and had been rated either first or second highest in this category for at least 10 years.[\[1\]](#) Yet privatization was implemented without clear benchmarks or indicators of performance for the state or lead agencies.

The lack of clear benchmarks or performance indicators eventually resulted in three of the five private agencies selected in July 2009 to oversee services withdrawing from the effort by November 2010. In addition, private contractors and state agencies underestimated the cost and scope of the work, so by August 2011 DHHS had paid the contractors \$30.3 million more than originally planned. The Legislative Fiscal Office later noted on October 18, 2011 that the cost information and other projections provided to the contractors were inaccurate from the beginning of privatization efforts.[\[2\]](#)

Other states have had similar difficulties with privatization, yet they did not reverse the process once started. Instead, stakeholders worked through the fundamental issues that were contributing to negative outcomes for both the private and public sectors. These other states did this largely by reworking the financial structure of child welfare to support the goals of spending resources on in-home solutions rather than foster care. Flexible child welfare funding, where the money follows the needs of the child rather than the service provider, has allowed states to innovate and is a key component in the successful implementation of privatization and child welfare reform. A new federal law passed in September 2011-the Child and Family Services Improvement and Innovation Act-creates a foster care financing framework that more readily supports child welfare reform and privatization efforts. [\[3\]](#)

Perhaps the most important tool available to Nebraska from the new law is the expanded authority of the federal Department of Health and Human Services to grant waivers to states and widen the options available under the Title IV-E funds, which otherwise are tethered almost exclusively to paying for foster-care placements. Under the new law, the

federal DHHS can now grant up to 10 new state waivers per year through fiscal year 2014, these waivers last for five years and allow states to be innovative and let them have more flexibility in the use of federal foster care dollars. In addition, the law establishes a process to create uniform child welfare data standards that can help drive further improvement to the foster care system. Existing waivers in Ohio, Illinois, and Florida have helped prevent child abuse and neglect, helped more children remain safely in their own homes, and improved the quality of services to vulnerable children and families.^[4]

Furthermore, while the Nebraska Legislature's Health and Human Services Committee put out a report advocating returning casework to the state and creating a new state agency, the state has not proved to be successful at handling child welfare. The Nebraska Foster Care Review Board 2010 Annual Report-which analyzes data through June 2011-showed that both the state and lead agencies had similarly negative outcomes for kids. One indicator showed that more than half of all children in out-of-home care had four or more state DHHS workers assigned to manage their cases during their time in the system, up from 35 percent in 2008. In those areas of the state where reform has contracted case management to private agencies, only 21 percent of children had four or more staff assigned to their cases. The state's negative outcome for this indicator is nearly double the lead agencies and impacts a much larger number of children.^[5] Additionally, in a survey to identify the "level of satisfaction" with the system felt by biological and foster parents, lead agencies had a better score than the state in all but two of the eleven areas in the survey.^[6]

With all the investment in privatization, returning services to the state would be wasteful and counterproductive. Instead of focusing on yet another governance or structural change, policymakers must focus on the inherent barriers that make both the state and the private contractors unsuccessful at meeting the goal of rightsizing child welfare. Even if the state moves forward with a governance change, they would still be forced to deal with these same structural issues.

The legislature should focus their efforts on enabling the recommendations that are most connected to outcomes for children, including immediately seeking a federal waiver to enable the financing of these changes with flexible federal funding. In addition, financing of child welfare must be realigned toward the goal of front-end, cost-effective services like prevention, early intervention, and in-home services, which reduce the trauma of out-of-home care for children which should be a last resort.

It is possible to improve child welfare in Nebraska, but it can only be done if the legislature focuses on the real structural problems, and not simply governance issues.

The entire study may be viewed [here](#).

^[1] Performance Audit Committee Nebraska Legislature, DHHS Privatization of Child Welfare and Juvenile Services, November 2011,

<http://nebraska.watchdog.org/files/2011/11/privatization2011.pdf>.

[2] Nebraska Legislative Fiscal Office, "Fiscal Overview of Child Welfare Privatization in Nebraska," October 18, 2011.

http://nebraskalegislature.gov/pdf/reports/committee/health/lr37_ch6.pdf.

[3] *President signs Child and Family Services Improvement and Innovation Act*, Youth Villages, October 18, 2011, <http://youthvillages.wordpress.com/2011/10/18/president-signs-child-and-family-services-improvement-and-innovation-act/>.

[4] *The Need to Reauthorize and Expand Title IVE Waivers, Casey Family Programs*, May 2010, <http://www.casey.org/resources/publications/pdf/NeedForWaivers.pdf>

[5] *The Nebraska Foster Care Review Board 2010 Annual Report*, http://www.nebraskalegislature.gov/pdf/reports/committee/health/lr37_ch8.pdf.

[6] *Survey of Foster Parents and Biological Parents in Nebraska*, Health and Human Services Committee, October 4, 2011,

http://www.nebraskalegislature.gov/pdf/reports/committee/health/lr37_ch7.pdf.



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