

---

## 2001 Better Government Competition

### HONORABLE MENTION

# Family Preservation/Foster Care/Adoption

---

## Kansas Public/Private Partnership Initiative

*Julie Figgs and Sue Ashlock*

*Kansas Department of Social and Rehabilitation Services*

### THE PROBLEM

The Kansas Department of Social and Rehabilitation Services (SRS) has grown from a relatively small agency processing welfare claims for the citizens of Kansas into a large agency providing a vast array of social services. Prior to 1995, SRS was the primary agency providing child welfare services in Kansas, and there were numerous constraints on the agency's ability to provide these services effectively.

- **High Demand, Few Resources.** The citizens and communities of Kansas expected a great deal from SRS, and demand for multiple services to children and their families, as well as financial support, steadily increased. In many small Kansas communities, SRS was the only social services agency available. Limited financial support from the state legislature and almost no participation from local communities made for a system in need of reform.

- **Uneven Availability of Services.** The availability of services, especially family preservation, was not equal across the state. Urban areas were often heavy on services to keep families intact, while rural areas were largely unserved. Families were sometimes placed on waiting lists for family preservation services. Mental health and counseling services were not always readily accessible to families in crisis or to children.

- **Lack of Continuity in Service Provision.** The various divisions within SRS were autonomous and did not work cooperatively. The needs of consumers were compartmentalized and not viewed from a holistic perspective. A consumer might have had to sit down with his or her employment and economic assistance caseworker and provide information that had already been given to a child protective services caseworker, child support enforcement case manager, vocational rehabilitation counselor, and disability determination caseworker. To heighten the problem, in some situations an employment and economic assistance caseworker may have had information that a family receiving family preservation services had been evicted from their residence, but the family preservation worker did not have access to that same information.

Due to a lack of integrated services, multiple SRS workers were involved in the lives of families, creating confusion as to who was responsible for the provision of services. In some instances, families took advantage of the chaotic nature of the agency's efforts to further their own, sometimes counterproductive, agendas.



***The Children and Family Policy Division of the Kansas Department of Social and Rehabilitation Services undertook a bold new initiative...***

---

***...to transform the delivery of services to children and their families into a responsive and inclusive partnership between the public and private sectors.***

---

*The initiative is consistent with the view in Kansas and across the nation of the changing role of government—from a direct service provider to a manager of human services, with an emphasis on efficient use of pooled resources.*

- **Crisis Orientation.** Service provision tended to be crisis-oriented due to high social worker caseloads. Social workers had little to no time to be proactive advocates for consumers. Instead, issues that if addressed early might not have created disruption in lower levels of placement, or in family cohesiveness as a whole, were not addressed until they reached crisis proportions. Social work intervention was limited to those cases most in need of immediate response.

- **Incentives for Costly Placements.** System incentives worked to keep out-of-home beds constantly filled, instead of achieving permanence for children in “child time.” SRS purchased services directly from residential treatment centers, which generated higher revenues by keeping children in more restrictive levels of care that were not family-focused.

Residential treatment providers were allowed to assess any child referred to them for placement and decide whether to accept the child into the facility. Many children with relatively minor behavior problems received the bed space in the residential treatment centers, while children who required higher levels of treatment were placed in foster homes or with relatives. SRS social workers then faced the task of trying to “wrap” services around a child in a foster home or in the home of a relative rather than have the child receive appropriate treatment. Some children were moved frequently from foster home to foster home, while residential treatment centers were able to maintain a stable client population.

- **Lack of Performance Standards for Providers.** SRS had no metrics or clear performance standards by which to measure service outcomes. While SRS social workers provided many services directly to children and their families, they also purchased services from private providers. SRS used standards to decide which providers would be used for which types of service provision, but there were no performance measures associated with the amount of services provided or with the progress of clients receiving services. Providers often gave services to families for many years with little or no improvement being shown.

Almost nothing was known about the quality of services provided by private agencies or SRS staff. When government and legislative officials requested information, the agency could provide little meaningful data. The system needed a balance of state standards, oversight, and community participation to bring about safety and permanence for children.

## THE SOLUTION

To combat problems in the child welfare service delivery system, the Children and Family Policy Division of the Kansas Department of Social and Rehabilitation Services undertook a bold new initiative in late 1995. The agency sought to revamp the delivery of services to children and their families through privatization of family preservation, foster care/reintegration, and adoption services. SRS refocused its own efforts on what it had done and continues to do best: child protective services. Freeing social workers to concentrate on the safety of children has made available more staff resources to assess and investigate child abuse concerns.



This new relationship between public and private child welfare agencies initiated massive upheaval and change in the manner in which services were provided to children and families. The relationship between state and private providers changed dramatically. Individual workers, whether employed by SRS or by private agencies, faced monumental changes in their roles and responsibilities.

After the initial implementation process was completed in 1999, SRS formally recognized that privatizing in its purest sense of turning all over services and then monitoring the outcomes for service delivery of family preservation, foster care/reintegration, and adoption services could not be achieved unless the contractors could control all the influences that would affect those outcomes. They do not and never will have such control. Examples include number of referrals (driven by the number of reports of abuse/neglect, number of substantiated incidents, and placements out of home) and timing of permanencies as ordered by the court. Even service delivery is affected by orders of the court.

SRS chose to transform the service delivery system into a responsive and inclusive partnership between the public and private sectors. At the same time, SRS used both national research data and what had been learned from the Kansas experience to reaffirm its commitment to a child welfare system driven by data and by clear goals for service outcomes. Under the public/private partnership, contractors are responsible for meeting specified outcomes for children. Responsibility for outcomes of permanency and child and family well-being, while still primarily the responsibility of the contractors and their sub-contracting entities, are also a responsibility of the entire child welfare system. This includes SRS, the courts and legal system, mental health system, educational system, Juvenile Justice Authority, and service provider prevention system. The new vision also recognized that other entities affect the functioning of the system, such as the Kansas Department of Health and Environment for its licensing role and the Behavioral Sciences Regulatory Board for licensing social workers and other professionals.

This initiative is consistent with the view in Kansas and across the nation of the changing role of government—from a direct service provider to a manager of human services, with an emphasis on efficient use of pooled resources. Key facets of the approach are partnerships, flexibility in program design and financing, and increased accountability for program outcomes.

- **Contract Specifications.** In late 1995, family preservation, foster care/reintegration, and adoption services were contracted directly with private providers. The services provided through these contracts included assessment, placement, case management to provide or coordinate physical and mental health services, educational services, family supports, and services necessary for reintegration and aftercare or for movement to adoption or alternative permanency. Family preservation and foster care/reintegration services carry the responsibility for one year of aftercare with the child and family. Adoption services include responsibility for 18 months of aftercare with the child and adoptive family.

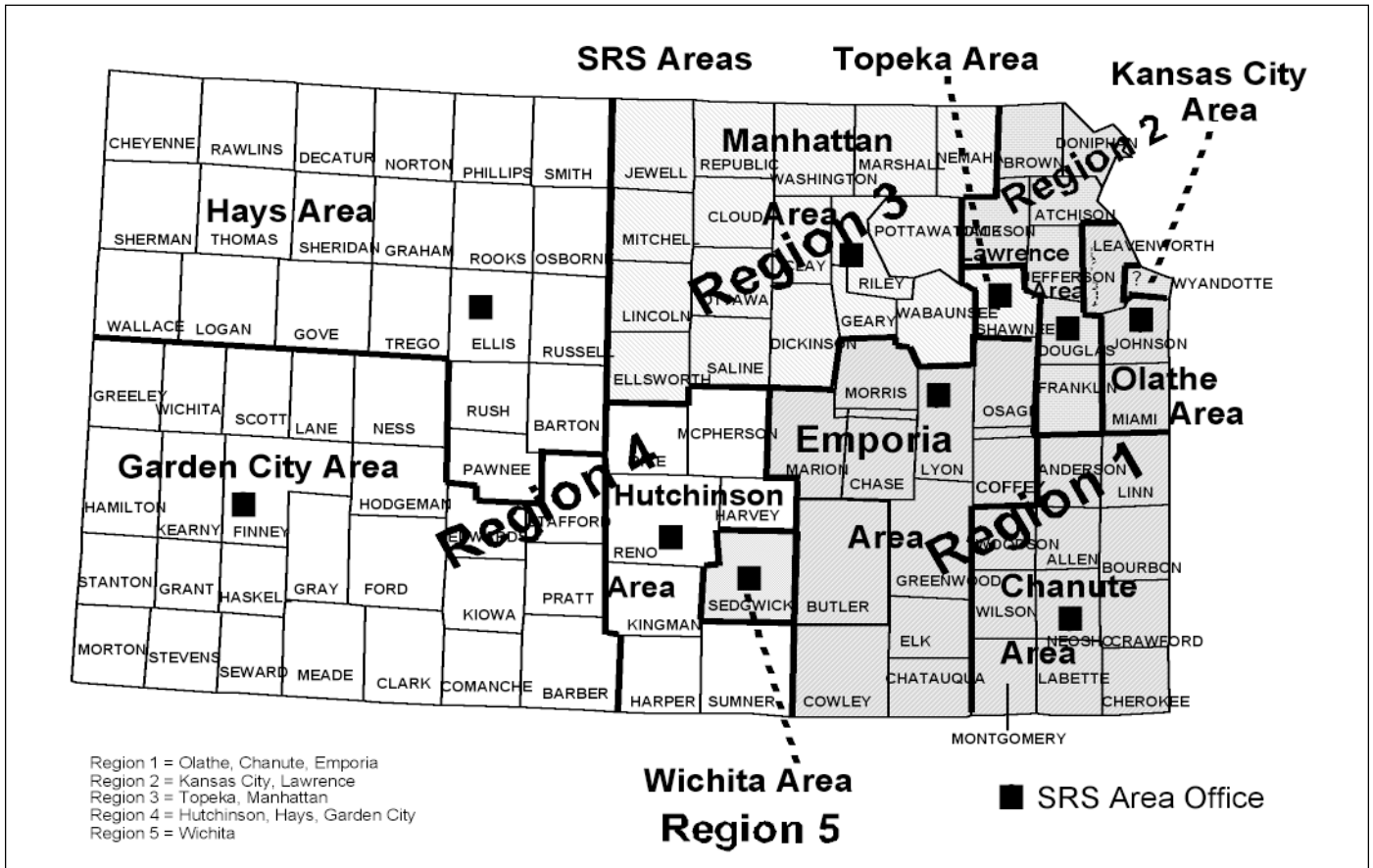
Interdepartmental and interagency collaboration was essential in designing contract specifications for the three programs slated for privatization. The Kansas Department of Administration's contract procurement process was used to develop Requests for Proposals (RFPs) for each program. Contracts cover four-year periods, but must be renewed annually.

***The new service delivery system includes performance measures that are tied to clear standards for service outcomes.***

***Interestingly enough, the performance measures developed in Kansas were reflective of federal measures developed later.***

Concern was expressed that one statewide provider could not reasonably serve either the foster care/reintegration or the family preservation contracts; however, a single statewide contract for adoption would increase the pool of adoptive families, thereby increasing a child's chances for permanency. The decision was made to divide the state into five regions for the foster care/reintegration and family preservation contracts, but to contract statewide for adoption services.

Below is a map showing the five regions of the State of Kansas designated for the foster care/reintegration and family preservation contracts.



So that a holistic approach to the treatment of children and families would be taken, staff from mental health services, drug and alcohol treatment, childcare services, and economic and employment services helped to develop the RFPs. In addition, “request for information” meetings were held with various agencies, community entities, courts, the education system, foster parents, and residential providers to enlist input from stakeholders in the system of care.

Contractor bids were required to include a separate program design component and financial proposal. A team of SRS central office and field staff from each program, which included social workers, supervisors, and management staff, evaluated the bids. Once potential contractors were identified, program, legal, and finance staff entered into negotiations with the contractors. The bidders then wrote best and final offers, which were the basis for the contracts the agency awarded.

• **Performance Standards.** SRS staff worked diligently to develop appropriate child welfare-based measures of performance. In setting performance standards for the contracts, SRS relied heavily on aid from one of the state-funded universities. The challenge was to determine what measures would adequately capture the progress of cases through the system and the work the contractors were completing with children and families. A balance was also sought between identifying too many performance measures and too few. As performance measures were developed for the contracts, SRS began to develop them for its own service delivery system as well. Interestingly enough, the performance measures developed in Kansas were reflective of federal measures developed later.

As time has progressed with the contracts, the standards set for performance have changed somewhat, as expectations for service outcomes have changed. Because there were no meaningful data available on previous performance by SRS staff, many of the performance standards were compiled using national statistics and SRS, stakeholder, and university staff experience with the Kansas system prior to the public-private partnership. Some of the standards were initially set too high. As the contracts have progressed, the performance standards have been revised to accommodate our growing body of knowledge about performance measurement.

## **COSTS AND BENEFITS**

The pioneering efforts of state officials, the Governor, the Kansas Legislature, and SRS officials have resulted in monumental change in the field of child welfare. The impact of privatization has been profound at all levels of the system. Privatization efforts have brought the issue of child welfare to the forefront in Kansas and have made other citizens of our state aware of children and families in dire need. There have been major accomplishments on behalf of Kansas children and families:

- The general public, local communities, and a vast array of stakeholders are more invested in child welfare in the state of Kansas than ever before.
- The Kansas Legislature has provided a dramatic increase in funds for the management of the family preservation, foster care/reintegration, and adoption programs.
- Services to families and children are accessible statewide, 24 hours a day. Family preservation services are available in all 105 counties of Kansas.
- SRS has worked to integrate and streamline its own system of service delivery.
- SRS staff have been able to concentrate their efforts on child abuse and neglect investigations, increasing the safety of children.
- SRS workers now may keep a child's or a family's case for the entire length of service, beginning at the time of investigation to, in some instances, adoption finalization.
- Contractor caseloads are smaller than those formerly carried by SRS workers. More emphasis is placed on providing services to children at home that are proactive and preventative in nature rather than merely responding to crises.
- The agency philosophy has changed from keeping "out-of-home" beds filled to achieving permanency in a child's time. Emphasis is placed on maintaining children in their families when at all possible.

***Services to families and children are accessible statewide, 24 hours a day. Family preservation services are available in all 105 counties.***



- Children are served on a “no eject/no reject” basis, regardless of their mental health or behavioral issues.
- Foster homes are utilized more often, affording children more family-like placements located closer to their own families.
- The new service delivery system includes performance measures that are tied to clear standards for service outcomes.
- Performance standards related to child safety, maintaining children in their families, keeping siblings together in out of home placements, and minimizing placement moves before a child achieves permanency have been met or exceeded.

Changes in how SRS tracks contract years makes direct comparison of outcomes from year to year somewhat difficult. In the beginning, the implementation months of each of the three contracts were staggered to give SRS staff who were revising and publishing the RFPs some time between them. This schedule proved hard to manage. Only the family preservation contract was coordinated with the state fiscal year, and this made budgeting for programs very difficult for the state and the contractor. After much consideration, a decision was made to align the public-private partnership contract periods to coincide with the state fiscal year. This required SRS to shorten some contracts, and therefore few of the foster care/reintegration and adoption contracts are a year in duration.

---

**Table 1. Contract Dates**

	Family Preservation	Adoption	Foster Care
Year 1	7/1/96 to 6/30/97	10/1/96 to 9/30/97	3/1/97 to 1/31/98
Year 2	7/1/97 to 6/30/98	10/1/97 to 9/30/98	2/1/98 to 1/31/99
Year 3	7/1/98 to 6/30/99	10/1/98 to 6/30/99	2/1/99 to 6/30/99
Year 4	7/1/99 to 6/30/00	7/1/99 to 6/30/00	7/1/99 to 6/30/00

Tables 2, 3, and 4 show performance standards and outcomes for each of the privatized services on a year-to-year basis for the first set of contracts.

### **Family Preservation Services**

Family preservation services are intensive, in-home services offered to families at imminent risk of having a child removed from their home and taken into the custody of the department, unless the family can make the changes necessary to provide adequate care and safety. These services assist the family in identifying and understanding the problems within the family that place a child at risk of out-of-home placement and in finding ways to change how the family unit functions.

The SRS social worker is responsible for monitoring service delivery to achieve established performance standards. The monitoring reports reveal that families are highly satisfied with the services provided, and that each of the service contractors exceeded the outcome goals for children to remain safely at home during program participation and for six months following case closure. Higher percentages of children remaining at home during services also decreased the need for out-of-home placement.

***Emphasis is placed on maintaining children in their families when at all possible.***

---

**Table 2. Family Preservation Services, Performance Standards and Outcomes**

PERFORMANCE STANDARDS	OUTCOMES			
	Year 1	Year 2	Year 3	Year 4
97% of families referred are engaged in treatment	98%	99%	98%	98%
90% of families will not have a confirmed abuse or neglect report during program participation	98%	99%	99%	99%
80% of families successfully completing the family preservation program will have no confirmed cases of abuse/neglect within six months of case closure	97%	96%	96%	95%
80% of families will have children remain at home during program participation	90%	91%	94%	94%
80% of families successfully completing the family preservation program will not have a child placed outside of the home within six months of case closure	89%	92%	94%	95%
70% of adjudicated juvenile offenders participating in the program will not be adjudicated for an additional offense during program participation	85%	83%	NA	NA
65% of adjudicated juvenile offenders with successful completion of the program will not be adjudicated with an additional offense within six months of case closure	*	77%	NA	NA
80% of families (children and parents) will report satisfaction as measured by client satisfaction form	90%**	91%	94%	92%

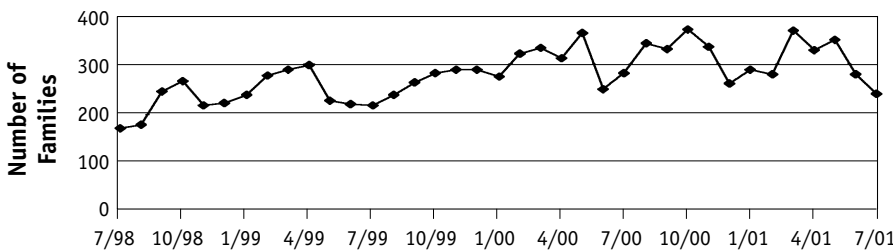
\*Standard was not applicable for the first year of the contract.

\*\*Figures for client satisfaction are not considered valid due to a relative lack of response from consumers.

NA - With the advent of the Juvenile Justice Authority, SRS no longer serves most children adjudicated with juvenile offenses.

Referrals to the Family Preservation program are steadily increasing. Graph 1 demonstrates an average increase in referrals from July 1998 to July 2001.

**Graph 1. Family Preservation Referrals**



**Foster Care/Reintegration Services**

Foster care and reintegration services are provided to children and families when the court has found the child to be in need of care and the parents are not able to meet the safety and care needs of the child. Most children who require foster care have been abused or neglected and may have significant developmental, physical, and emotional needs that require a wide array of services. Placement options range from placement with relatives to inpatient psychiatric care.

The SRS social worker is responsible for monitoring service delivery to achieve established performance standards. In the four years of operating this very complex program, contractors met or exceeded outcome goals related to child safety, minimizing placement moves, maintaining siblings together in placement, and placement in or close to the child’s home community. Performance standards have not yet been achieved for timely permanency of children, but steady progress is being made.

***Foster homes are utilized more often, affording children more family-like placements located closer to their own families.***

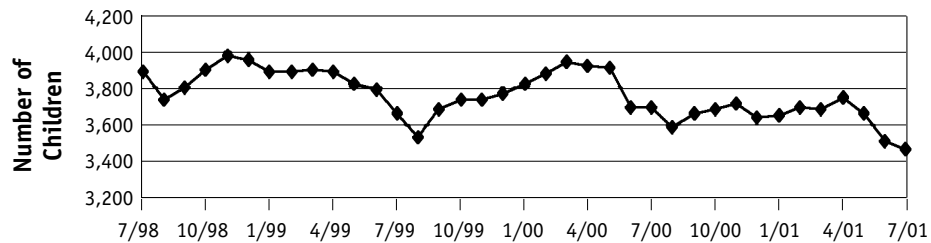
**Table 3. Foster Care/Reintegration Services, Performance Standards and Outcomes**

PERFORMANCE STANDARDS	OUTCOMES			
	Year 1	Year 2	Year 3	Year 4
95% of children referred to the contractor will not experience substantiated abuse/neglect during placement (changed to 98% in Year 2)	99%	99%	99.6%	99%
80% of children will not experience substantiated abuse/neglect within 12 months of reintegration (added in Year 2)	*	97%	97%	95%
90% of children referred to the contractor will have no more than three placement moves subsequent to referral (changed to 70% in Year 2)	97%	88%	95%	86%
65% of all children will be placed with at least one sibling (changed to 70% in Year 4)	74%	78%	73%	70%
70% of children referred to the contractor will be placed within the contractor's regional boundaries (changed to home county or contiguous county in Year 4)	87%	78%	75%	74%
75% of youth, 16 and over, released from custody, have completed high school, obtained a GED, or have received job training	49%	82%	82%	80%
60% of children referred to the contractor are returned to the family within six months of referral (changed to 40% in Year 2)	21%	26%	26%	28%
65% of children achieve permanency within 12 months of referral to contractor (added in Year 2)	*	33%	43%	41%
80% of families (children 16-21 and parents) will report satisfaction with the reunification/foster care process 180 days after referral or case closure	62%**	58%	60.5%	54%

\*Standard was not applicable for the first year of the contract.  
 \*\*Figures for client satisfaction are not considered valid due to a relative lack of response from consumers.

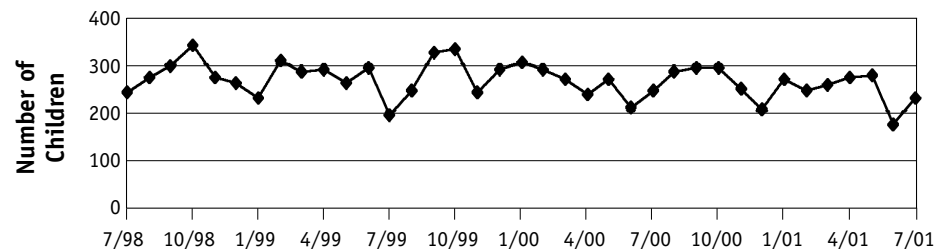
Graph 2 indicates that the number of children in out-of-home placement in the foster care contract has been steadily decreasing, from an average of 3,900 in July 1998 to approximately 3,625 in July 2001.

**Graph 2. Children in Foster Care (Out of Home Placements)**



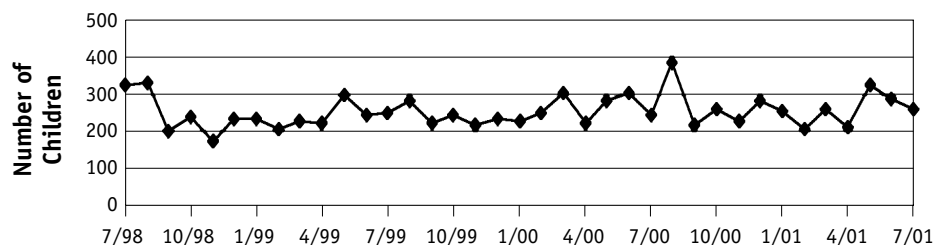
Referrals to foster care are slowly on the decline as indicated in graph 3, which shows referral figures from July 1998 to July 2001.

**Graph 3. Foster Care Referrals**



Permanencies are on the rise, though they remain below performance standards. Graph 4 illustrates an increase in permanencies from July 1998 to July 2001.

**Graph 4. Foster Care Permanencies**



### Adoption Services

Adoption services provide children whose parents’ rights have been terminated or relinquished with a permanent family. Most children available for adoption through SRS have also suffered abuse and/or neglect and have significant medical, emotional, or developmental needs. The contract agency is responsible for the recruitment and training of prospective families and for preparation and placement of children into these homes. The SRS social worker is responsible for monitoring service delivery to achieve established performance measures. Performance has exceeded outcome goals related to keeping siblings together in placement, reducing the number of moves a child experiences before adoption, and client satisfaction.

**Table 4. Adoption Services, Performance Standards and Outcomes**

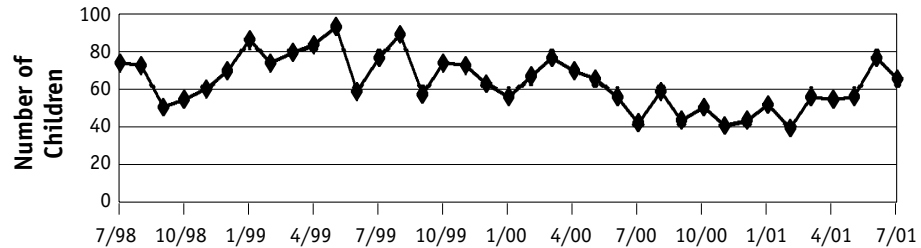
PERFORMANCE STANDARDS	OUTCOMES			
	Year 1	Year 2	Year 3	Year 4
70% of children will be placed with adoptive families within 180 days of referral (changed to 55% in Year 2)	37%	40%	45%	34%
70% of children shall be placed with adoptive families within 365 days of referral (added in Year 2)	*	67%	68%	57%
90% of adoptive placements shall be finalized within 12 months of placement date	*	89%	91%	90%
90% of adoptive placements shall continue to be intact 18 months following finalization	*	100%	100%	100%
65% of children will be placed with at least one sibling	72.5%	69%	68%	83%
90% of all children placed shall experience no more than two moves from the time of termination of parental rights to finalization	98%	91%	97%	95%
95% of children in the care of the contractor will not experience substantiated abuse/neglect prior to finalization (added in Year 2)	*	99%	100%	99%
90% of families (children and parents) will report satisfaction with the adoption process at finalization	100%**	92%	81%	84%

\*Indicator was not applicable for the first year of the contract.

\*\*Figures for client satisfaction are not considered valid due to a relative lack of response from consumers.

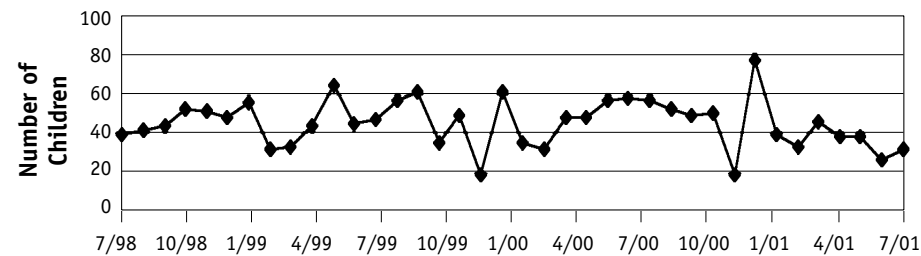
Graph 5 represents the number of children referred to the adoption contractor from July 1998 to July 2001.

**Graph 5. Adoption Referrals**



Graph 6 demonstrates the average number of finalizations achieved from July 1998 to July 2001.

**Graph 6. Adoption Finalizations**



**Costs of Care under Privatization**

The accomplishments of privatization have not been without cost. SRS is deeply committed to assuring the success of the contracts, and many efforts have been made to develop a fair payment structure. Such a structure must allow both SRS and the contract agencies to serve children and families without forcing Kansas taxpayers to shoulder an extraordinary financial burden. Both SRS and the contract agencies have made progress in discerning the true cost of care, but this has not been easy.

Under the old system it was difficult to identify the total cost of foster care, family preservation, or adoption services. Although purchased services could be identified, it was difficult to allocate costs accurately for services provided by agency staff who administered multiple programs and to separate out indirect costs of administration. Further, the services covered by the public/private partnership contracts had been administered by several different divisions within the department (child care, mental health, foster care, etc.). This has made it difficult to compare expenditures before and after the initiative began. This task was made more difficult by other system changes. During the same period these contracts were issued, responsibility for foster home licensing was transferred to the Kansas Department of Health and Environment, and services to juvenile offenders were transferred to the newly created Juvenile Justice Authority.

The agency worked to estimate the cost of services for foster care and adoptions during FY 1996, the year prior to implementation. The estimate was \$64.3 million, significantly less than what is currently expended for these services. Table 5 shows the costs of the three privatized programs for the first set of contracts.

**Table 5. Four-Year Contract Costs for Privatized Programs (in dollars)**

	Year 1	Year 2	Year 3	Year 4	Total
<b>Family Preservation</b>					
Case rate*	\$5,063,879	\$8,195,386	\$9,313,641	\$12,184,193	\$34,757,099
<b>Foster Care/Reintegration</b>					
Case Rate	24,636,598	53,249,918	50,689,343	50,169,776	178,745,635
Risk Share – OCR**	0	1,469,179	6,926,331	8,180,000	16,575,510
Risk Share – Other	0	5,000,000	50,851,461	32,695,567	88,547,028
Total	\$24,636,598	\$59,719,097	\$108,467,135	\$91,045,343	\$283,868,173
<b>Adoption</b>					
Case Rate	7,068,807	8,252,077	10,099,939	11,979,689	37,400,512
Risk Share – OCR	0	1,647,701	3,522,806	1,801,385	6,971,892
Risk Share – Other	0	0	7,650,000	16,730,626	24,380,626
Total	\$7,068,807	\$9,899,778	\$21,272,745	\$30,511,700	\$68,753,030

\*The first set of contracts utilized a case rate methodology for reimbursing service providers. This capitated payment was intended to cover all services provided to the child or family for the life of the case.

\*\*As the contracts progressed, it became clear that the case rate was insufficient to cover the cost of services for some cases. Additional payments “outside the case rate” (OCR) were made to cover these costs; risk-sharing provisions were added to the contracts to permit SRS to share the financial risks with contractors.

Much of the increased cost can be attributed to the following changes:

1. The new contracts require services to be available 24 hours per day, 7 days per week, which was not the case prior to this initiative.
2. Strict enforcement of caseload ratios means that staffing costs increase as more children enter the system. Under the state-administered system, staffing was allocated through the legislative process, which did not allow for immediate staffing adjustments in response to changes in caseloads.
3. The no reject/no eject provisions of the contract assure that contractors accommodate every child immediately, increasing the cost of foster care.
4. Aftercare services are now included, which helps maintain children in their homes after the out-of-home care has ended. This aftercare period is 12 months for foster care and 18 months for adoption.
5. The contractors reimburse service providers, particularly residential providers, at closer to their actual costs than was the case previously.



## OBSTACLES

Overcoming obstacles to the public-private partnership was daunting and remains a challenge almost five years later.

- **Educating Stakeholders.** Stakeholders have often misunderstood the content and purpose of the contracts, creating confusion throughout the service delivery system. Courts, mental health centers, schools, community agencies, families, foster families, children, residential providers, social service advocacy groups, reporters, legislators, and others have had to be educated about changes to the service delivery system.

Privatization would likely have progressed far more smoothly had the court system and other community agencies been more intensively involved in system design. When privatization was initially implemented, the focus of both SRS and the contract agencies was on the care of the children and what services should be delivered to families to help them care for their children within the home. Community partners and the court system were initially consulted in developing the RFPs, but they were not kept abreast of changes on an ongoing basis.

The legal system is perhaps the largest stakeholder in the management of the child welfare system. When county attorneys, guardians ad litem, and judges across Kansas were not sure exactly what was expected of contractors, many became impatient and frustrated with both SRS and the contract agencies. At times the relationship with the legal system became adversarial. Incorrect information was sometimes provided to courts about what agency would be in control or could be held accountable for the welfare of the children being served. To combat this problem, the SRS Assistant Secretary of Children and Family Policy has met regularly with various members of the legal system. Input from local judges and legal personnel made SRS and the contractor agencies aware of the need to communicate more openly with the legal system, especially regarding the progress of individual families in completing tasks to reintegrate their children. The Assistant Secretary and staff within the division of Children and Family Policy continue to respond to requests from local judges to mediate differences that occur within the system at times of communication breakdown. There are still barriers in communication, but they are being addressed directly, and problems are not left to fester and come forth in ways that are detrimental to the children and families we serve.

- **Developing Trust.** Local agencies, schools, and courts did not automatically trust the contractors to engage in good child welfare practice. Contracting agencies had the difficult task of earning the trust of the communities while simultaneously learning what their duties were and training their staff accordingly. Substantial public relations efforts were required of contract agencies at a time when their energies would have been better spent working with and training their line staff. SRS staff did not always understand the multiple stressors on contractors. They often expected contractor staff to overcome any difficulties immediately and comply with the contract requirements at all costs.

- **Staff Reallocation.** The public/private partnership was predicated on the assumption that the programs would tap the wealth of child welfare professionals available in the field, whether the system was a public or private system of care. SRS initially anticipated

*The general public, local communities, and a vast array of stakeholders are more invested in child welfare in the state of Kansas than ever before.*

that many of its own staff who had been providing foster care, family preservation, and adoption services would be laid off due to the downsizing of these programs within SRS and be available to work for the contractors. However, due to a hiring freeze within SRS, many positions were vacant, and staff members facing possible layoff voluntarily transferred into the vacant positions when the freeze was lifted. As a result, contractors faced tremendous difficulty in finding adequate numbers of experienced staff.

- **Role Confusion.** Neither contractor nor SRS staff were completely clear as to their new roles. SRS staff who were monitoring the contractor staff in the case planning process were not sure how much control to exert over young, inexperienced contractor staff. Likewise, contractor staff were not sure how much they were expected to listen to or respond to SRS monitoring of the case planning process. The resulting confusion had to be handled on a daily basis as the contractual relationships developed.

- **Financial Issues with Contractors.** Financial difficulties have plagued the contract agencies since the beginning of the privatization project. SRS financial data provided in the original RFPs were not comprehensive. Consequently, contractors based their bids on speculation of what the costs would be for the care of a child through the life of the case. Their best guesses were in reality very low. In addition, there were no start-up costs built into the contracts, and contractors had to hire staff, find buildings to rent, and contend with other start-up expenditures with very little cash flow. The lack of available data and/or experience with a public/private partnership led to widespread financial losses for the adoption and foster care contractors.

The original payment structure used a “case rate” reimbursement methodology, which provided a capitated payment to the contract agency for all services provided during the entire life of the case. SRS was invested in assuring the contractors were financially sound, and therefore “risk share” provisions were written into each contract. Negotiated case rates turned out to be too low, and the necessary risk share payments were much greater than had been expected. SRS continues to provide financial assistance to contractors, while requiring them to be fiscally responsible and manage the money of Kansas taxpayers well.

During the first four years, several risk share models were tried, none of which were entirely satisfactory. There were many children for whom the contractors paid out exorbitant amounts for placement services. It seems that approximately 10 percent of the children in care use about 90 percent of the financial resources. The contractors were not prepared for this reality.

The second- and third-year contracts sought to mitigate the costs for children who needed extraordinarily expensive services. SRS exempted some of the very needy children from the case rate and reimbursed the contractors on a “fee for service” basis for those children. This exemption was referred to as “outside the case rate” or “OCR.” Each contractor was given a finite number of children that could be considered for the OCR payment. Unfortunately, trying to track and reconcile billings and reimbursements proved to be both confusing and time-consuming for SRS and the contractors. In the fourth year, OCR payments were abandoned, and a more precise system was developed to help SRS and the contractors determine actual contractor deficits.



***Children and families are served in a much more cohesive way when public and private agencies pool their resources.***

Each contractor has developed a new business plan to address projected deficits and the management issues that led to large financial losses. An important strategy was to reduce expenditure through targeted efforts to move children through the system more quickly and to serve children in family foster homes rather than in residential care facilities. Reducing the use of more restrictive and higher cost residential care coincides with good child welfare practice, which holds that family foster care is a better option for most children.

When the second set of four-year contracts took effect on July 1, 2000, the state moved away from the case rate payment system for adoption and foster care to a per-child/per-month payment. This appears to have provided the contractors with more predictable cash flow and brought the financial risks more in line with the ability of the contractors to control them. SRS also agreed to provide contractors with payments at the beginning of each contract year to help with cash flow; these are paid back to SRS in agreed upon increments each month. This method has been used in both the first and second years of the second set of contracts. It seems to be less complicated and takes less staff time to reconcile than the previous ways of addressing risk share. We continue to learn and develop risk share procedures as information becomes available.

## **REPLICATION**

To date, Kansas has been the only state in the nation to contract out its family preservation, foster care/reintegration, and adoption programs. Ohio and Missouri have contracted out services for specific consumer populations on a much smaller scale.

The ease with which other states can replicate the model as implemented in Kansas depends on many factors. Each state is different with respect to legal issues and the ability to contract out to the private sector for services. Kansas had a good deal of support from the executive branch of government in its efforts, and other states might not have such support. Additionally, each state will differ in the support the community and other stakeholders give to the process.

The public/private partnership model has been shown to be an effective means of service provision. Children and families are served in a much more cohesive way when public and private agencies pool their resources. Kansas was very fortunate in that prior to privatization SRS had forged strong working relationships with private providers. States who do not have strong bonds with private agencies may find replicating the Kansas system a difficult undertaking.

Kansas has learned that developing the public/private partnership was not an “end” in itself to problems within the system. A strengthened system of service provision continues to evolve to meet the needs of the children and families of Kansas.

## ABOUT THE AUTHORS

**Julie Figgs** is a Program Consultant in the Children and Family Policy division of the Kansas Department of Social and Rehabilitation Services. She has over 15 years experience working in both the public and private sectors of child welfare, and her work has been focused in the areas of foster care and child protective services. She has a Master of Social Work degree from Washburn University.

**Sue Ashlock** is a Program Administrator in the Children and Family Policy division of the Kansas Department of Social and Rehabilitation Services. She has 31 years experience with the Department, serving in various capacities. Her work has been focused in the areas of family preservation, foster care, and child protective services.



*Julie Figgs*



*Sue Ashlock*