FOSTER CARE, PUBLIC GOOD, AND PRIVATIZATION: A COMPARATIVE SECONDARY ANALYSIS OF CHILD WELFARE PERFORMANCE OUTCOMES

by

KIMBERLY Y. HOYT

(Under the Direction of Michael Holosko)

ABSTRACT

The U.S. child welfare system has continuously struggled to meet and maintain national performance outcome standards that reflect how well they are ensuring safety, facilitating permanency, and promoting well-being for children. These are the specific mandates of public foster care agencies responsible for providing these services, an economic *public good*, for the greater benefit of our society. Quasi-market solutions, such as *privatization*, have been increasingly promoted among states, and in some cases implemented, to reform public foster care agencies otherwise deemed ineffective and inefficient. The promoted promise of privatization has been its ability to increase efficiency, accountability, decrease costs, and consequently improve outcomes for children and their families. However, given the economic theory of market competition and public goods, this study questions if privatization measures up to its promise in terms of overall system performance and safety and permanency outcomes for children served.

The primary aim of this study was to examine non-privatized and privatized foster care agencies to compare overall system-level performance in terms of national safety and permanency outcome standards; and explore possible differences in child-level outcomes by

racial groups between non-privatized and privatized agencies to ascertain relationships between privatization and the issues of disproportionality and disparity. Using a state-level dataset of N_1 = 10 states and a large national secondary data set of N_2 = 118,761 child abuse and neglect and foster care cases, a series of rigorous analyses were conducted to accomplish the study's goals. The resultant findings of this study suggest that overall, privatized foster care agencies perform no better than non-privatized agencies, and where statistical significant differences were found, results marginally favored non-privatized agency performance over privatized agencies.

INDEX WORDS: Child welfare, Foster care, Privatization, Public good, Case management service delivery, Performance outcomes, Secondary analysis, Comparative analyses

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DEDICATION

This dissertation is dedicated to my late grandmother, Eva G. Adams, and my mother, Vivian A. Huggins, both educators who instilled in me at a very early age, a zeal for learning. Their unwavering love and support, and unceasing prayers has been the driving force that has taken me from just wandering in life to pursuing life with purpose and vision. My gratitude for these two women is unmeasurable and everlasting.

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CHAPTER 1

INTRODUCTION

Overview of Child Welfare in the United States

Over the past decade, there has been a steady increase in the number of American children experiencing maltreatment (abuse and neglect). In 2014, there were 702,208 confirmed cases of child maltreatment nationally (victimization rate of 9.4 per 1,000 children); which was an increase from 676,505 in 2011 (victimization rate of 9.1 per 1,000) (U.S. Department of Health and Human Services, 2016) . Consequently, the foster care population also increased by 4.3% from 398,057 in 2011 to 415,129 in 2014 (Children's Bureau, 2016a). From an economic perspective, Fang, Brown, Florence, and Mercy (2012) estimated the total lifetime financial costs of child abuse and neglect (CAN) in the United States was approximately $124 billion dollars, and in a more robust sensitivity analyses this estimate reached approximately $585 billion, which amounts to an average cost of $210,012 per victim of non-fatal child maltreatment.

According to the U.S. Department of Health and Human Services, Children's Bureau, Child Welfare Information Gateway (2013), abused and neglected children were more likely to underperform in school than their non-abused, non-neglected counterparts. As adolescents, child maltreatment victims were more likely to repeat a grade, engage in risky sexual activities, become pregnant, experiment with drugs and alcohol; and were 9 times more likely to engage in criminal activity (Child Welfare Information Gateway, 2013). Studies on more long-term outcomes for adults who were child victims of maltreatment, found that they were more likely to be perpetrators of child maltreatment and domestic violence (Child Welfare Information

Gateway, 2013); and economically, they had increased rates of unemployment, poverty, and receipt of public assistance benefits (Currie & Widom, 2010; Zielinski, 2009). Thus, to ensure children, who are the most vulnerable among society, grow up to become functional adults and viable members of our country, protecting and promoting their welfare is imperative.

By most philosophical, political, and social standards, CAN has been consistently considered a social problem, and thus responding to and seeking to eradicate it is deemed a benefit to the greater good of society (*the public good).* Thus, CAN is a problem that most members of society would rather have intervening services for, whenever necessary; but at what cost—has been an ongoing matter of debate. As such, the political and practice discourse on the best mode of response to CAN and welfare, as with other social services, has vacillated over centuries between the private and public sectors in America (Whitelaw-Downs, Moore, McFadden, Michaud, & Costin, 2004).

History of Service Provision to Children and Families

From the latter part of the 19th century to the 1930s, the American citizenry expressed its moral compass and response to most social problems, including family and child-related matters, primarily through private philanthropic agencies (i.e., community and religious associations) (Whitelaw-Downs et al., 2004). As an expression of neighborly obligation, these institutions and agencies provided services to European immigrant children left without parents due to disasters (orphans); sought to protect them from abuse and neglect; saved children from the conditions of crime and poverty associated with living in crowded urban areas; and responded to the needs of poor families unable to adequately care for their children (Whitelaw-Downs et al., 2004). Such agencies included orphanages and asylums (i.e., The Ursuline Convent in New Orleans and The St. Paul's Church Asylum for Girls), the children's aid societies (i.e., Children's Aid Society of

New York and The New York Society for the Prevention of Cruelty to Children), and settlement houses (i.e., Hull House in Chicago and Henry Street Settlement in New York) (Whitelaw-Downs et al., 2004).

A notable exclusion was that of African American children and families from receiving services until shortly before and after the civil war. As such, they weren't fully integrated into the public child welfare system until after World War II (Whitelaw-Downs et al., 2004). However, cooperative arrangements with established white institutions and agencies did eventually result in the establishment of such organizations as the Philadelphia Association for the Care of Colored Children (A Quaker shelter) in 1822, and the Virginia Industrial School for Colored Girls in 1915, which primarily served African American children who were orphaned, dependent, or delinquent (Whitelaw-Downs et al., 2004),.

As the U.S. population increased and became more diverse, mobile and industrially advanced, the complexities of social problems and needs evolved beyond what existing private institutions and philanthropic agencies could handle. Local governing bodies in communities began to respond directly to the social needs of their own citizens, in initiatives such as "outdoor relief" provided to people in their homes, and "indoor relief" provided to people in institutions (e.g., almshouses) (Whitelaw-Downs et al., 2004). Problems to address such needs also began to extend beyond localities, calling for state and local governments to become more involved in matters of social welfare through the enactment of laws and policies that authorized "…financing public assistance and social service programs and determining eligibility requirements and the payments or services to be provided" (Midgley & Livermore, 2009, p. 29; Wilensky & Lebeaux, 1958). For example, in the early 1900s, states passed laws to combat child labor issues, allowed provisions for mothers whose husbands were deceased or disabled, workers who were hurt on

the job (e.g. worker's compensation), and the poor who were elderly or blind (Axinn & Stern, 2005; Day, 2006; Midgley & Livermore, 2009). Additionally, social service provisions included the establishment of mental health centers, senior citizens centers, and social service centers; and the provision of public safety, public education, and recreational services (Midgley & Livermore, 2009).

The powers and role of the federal government were initially much more limited for fear that being involved in ensuring the welfare of communities, families, and children would violate the rights of states and the rights of parents responsible for raising their children (Whitelaw-Downs et al., 2004). Therefore, government involvement during these times was limited to protecting and enforcing laws, but not to intervene, in what was considered community and personal or private matters. Unfortunately, social problems continued to become more multi-faceted crossing state and regional boundaries. By the early 20th century, historic events such as the Industrial Revolution, World War I, the Great Depression, and the New Deal of the 1930s facilitated more and more federal involvement in matters of social welfare characterized as *cooperative federalism*—as both state and federal laws on a subject exist but neither superior to the other (DiNitto & Cummins, 2005; Midgley & Livermore, 2009; Saltzman & Furman, 1999; Wilensky & Lebeaux, 1958).

Through its political leadership and "public service" institutions, governments assumed the main responsibilities of ensuring equitable protection and well-being for all adults and children (Axinn & Stern, 2005; Costin, Karger, & Stoesz, 1996; Lamothe, 2011; Mangold, 1999; Pecora, 2000; Pessoa, 2009; Whitelaw-Downs et al., 2004). As expressed by Klingner, Nalbandian, and Romzek (2002), political leadership was "…challenged to accomplish the *public good*, through processes and institutions that foster both efficiency and inclusion…as

well as create shared values and goals, including consensus on the role of government in creating or shaping a good society" (p. 117). Thus, the "public interest mission" of government versus the "private interest mission" of philanthropic agencies was considered more suitable to address social problems, thereby protecting and promoting *the public good* ("common good" or "public interest" or "community good").

As a result, a number of cooperative laws were established and enacted on the federal level, such as through the Children's Bureau, established in 1912 to ensure equitable provision of child welfare services; the federal income tax in 1913 to fund efforts to ensure public welfare; the *Sheppard-Towner Act* of 1921 that established maternal and child health clinics; and the *Social Security Act* of 1935 to alleviate poverty (Briar-Lawson, McCarthy, & Dickinson, 2013; Costin et al., 1996; Midgley & Livermore, 2009; Pecora, 2000; Whitelaw-Downs et al., 2004; Wilensky & Lebeaux, 1958).

By the 1970s, however, the power, size, ineptness, and inefficiency of the federal government in welfare provision became fodder for social and political discourse and debate; and so by the 1980s, a more conservative wave of *federalism* (the constitutional division of powers among the federal, state, and local levels of government), called *new federalism*, materialized during the Reagan era. The purpose of *new federalism* was to disentangle the levels of government by rolling back perceived federal encroachment and giving power back to the states and local governments (DiNitto & Cummins, 2005; Gibelman & Demons, 1998; Midgley & Livermore, 2009; Trattner, 1999). The *new federalism* further dovetailed to a more globally evolved political economic form of *liberalism* or *neoliberalism,* that promoted the handing over of the delivery of social welfare services from all levels of government to the private sector (for-

profit and non-profit), a process known as *privatization* (Caplan & Ricciardelli, 2016; DiNitto & Cummins, 2005; Gibelman & Demons, 1998; Holosko, 2015).

As for children and families in this new age of conservatism, both *new federalism* and *neoliberalism* were manifested in fewer new services for children and families, the eroding of budgets for child welfare programs, and more poignant efforts to devolve public service delivery to private service delivery (Holosko & Barner, 2015; Whitelaw-Downs et al., 2004). Therefore, the extent to which the neoliberal concept of *privatization* has worked in the provision of child welfare services is the focus of this study.

Public Child Welfare System

Presently, the U.S. child welfare system operates within the three levels of government—federal, state, and local/county. Public child welfare agencies, at each level, were established by the passage of laws that delineate agency responsibilities for providing services to children and their families and authorizes the allocation of tax revenues (Whitelaw-Downs et al., 2004). Across all levels, the system is based on the goal to prevent and respond to child abuse and neglect; and does so by providing a range of services that minimally include: investigations, family preservation, foster care, and adoption (Briar-Lawson et al., 2013; Costin et al., 1996; Freundlich & Gerstenzang, 2003; Pecora, 2000; Whitelaw-Downs et al., 2004). Adopted from a Children's Defense Fund Report (1993), Figure 1 is a rendition of the "pyramid of services" that depicts the range of child welfare services provided to families and children as their needs grow in intensity.

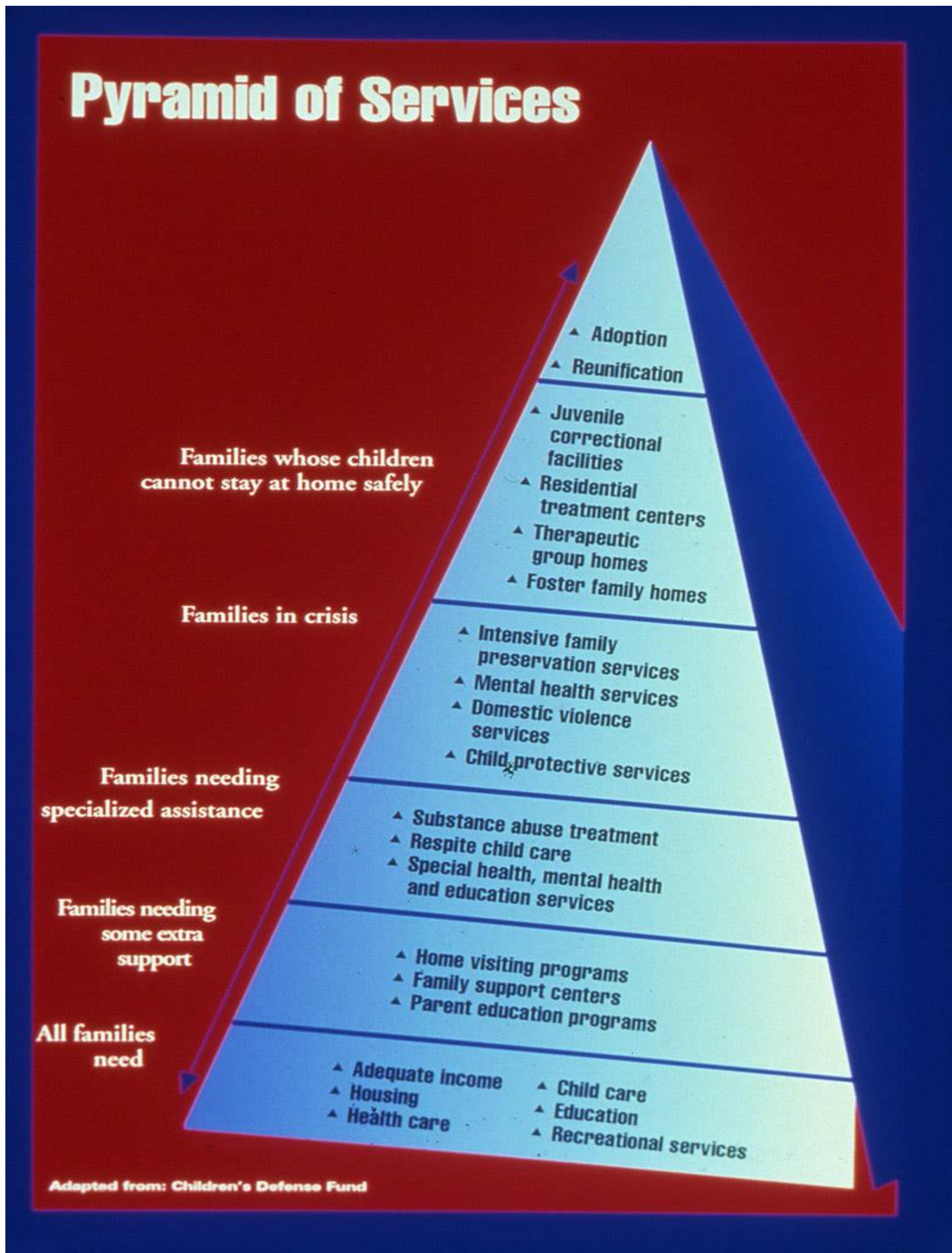

Figure 1.1. Pyramid of Services
(Children's Defense Fund, 1993)

At the highest levels of government (federal), in 1912, the Children's Bureau was established as an office of the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (DHHS). The Bureau aimed to facilitate equitable services across states by serving only as a clearinghouse of helpful information (Briar-Lawson et al., 2013). However, from the 1930s to the 1960s, federal intervention in child welfare became a necessary force as more families found it difficult to meet their basic needs and cope with overwhelming consequences of social, political, and economic phenomena (e.g., The Great Depression of the 1930s). As the federal government actively ensured the provision of basic needs and protections through policies and programs like the *Social Security Act* of 1935, *Aid to Families and Dependent Children* (AFDC) of 1935, and the *Child Abuse Prevention and Treatment Act* (CAPTA) of 1974, more direct involvement in the lives of families ensued. Furthermore, this increased involvement, often joint with states, resulted in the enactment of extensive legislative acts to address social issues such as public assistance, civil rights, housing, and employment (Whitelaw-Downs et al., 2004).

One example of a benefit of federal involvement in child welfare service provision was the eventual inclusion of American Indian and African American families. In many ways the disparate societal treatment of their families was leveled by the access and equity mandate of public agencies, to ensure no child in need would be refused services. Legislative enactments of public agency mandates include *The CAPTA of 1974*, *The Indian Child Welfare Act (ICWA) of 1978, The Adoption Assistance and Child Welfare Act (AACW) of 1980, The Multiethnic Placement Act (MEPA) of 1994, The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, The Adoption and Safe Families Act (ASFA) of 1997,*

The Fostering Connections to Success and Increasing Adoptions Act of 2008, and The Child and Family Services Improvement and Innovation Act of 2011 (Harris, 2014).

Unfortunately however, these child welfare policies also contributed to the unintended consequences of more *racial disproportionality*—when the percentage of minorities (e.g., African American and American Indian) in a system is higher than their percentage in the general population; and *racial disparity*—"when the rate of disproportionality, poor outcomes, and deficient services of one group (e.g., African Americans) exceeds that of a comparison group (e.g., European/White Americans)" (Harris, 2014, p. xv).

Nevertheless presently, the federal government, through the Children's Bureau, continues to oversee, monitor, and enforce access and equity mandates, although it does not engage in direct service delivery. The Bureau evaluates the compliance of child welfare systems with federally mandated outcome measures; and authorizes the disbursement of Title IV-E and Title IV-B funds through the *Social Security Act of 1935* (Briar-Lawson et al., 2013; Costin et al., 1996; Freundlich & Gerstenzang, 2003; Pecora, 2000; Whitelaw-Downs et al., 2004). At the state level, considered to be a more centralized administrative structure, services are directly administered and delivered via offices and staff located in counties. This is the predominate structure with 40 states classified as state administered and 3 considered "hybrid" systems—partially state and county administered (e.g. Maryland, Nevada, Wisconsin) (Child Welfare Information Gateway, 2012b). In this structure, state child welfare laws, policies and practices must align and comply with federal regulations; and services are financed by both state and federal funds.

Lastly, at the lowest level of government (e.g., local or county), services are also administered and delivered directly to children and families. This mode of provision is

historically entrenched in the evolution of social welfare in general, and philosophically stems from the notion that people are better served by institutions closely linked to and located within their own communities (Whitelaw-Downs et al., 2004). Currently, a number of agencies are county administered, but with state and federal oversight. According to the *Child Welfare Information Gateway* (2012b), approximately 9 states can be described county administered where funding, policy-making, licensing, and worker training all take place at the local level. These states are: California, Colorado, Minnesota, New York, North Carolina, North Dakota, Ohio, Pennsylvania, and Virginia. In this administrative framework, counties allocate tax revenue for child welfare services, along with state and federal funds; and local policies and practices must comply with both state and federal laws and regulations.

Foster Care Services

The public child welfare system, in general, is charged with serving children and families with a myriad of complex needs. As a component of this system, foster care agencies have three mandates: safety, permanency, and well-being (Child Welfare Information Gateway, 2012a). They are responsible for ensuring that children are safe from harm (safety), live in a permanent least restrictive setting (permanency), and have all of their needs (i.e., emotional, physical, psychological, educational, social) met in a timely fashion (well-being). Thus, to satisfy these mandates, agencies provide investigation and case management services on behalf of, and to maltreated children. The majority of foster care agencies are public institutions that maintain full responsibility and control of investigative and case management service delivery; but they also use a network of private providers to administer support or wrap-around services along the case progression continuum (Briar-Lawson et al., 2013).

Foster care case managers receive reports or referrals of alleged maltreatment and determine if allegations are substantiated or not (investigation services). When an allegation is substantiated and it is determined that there is imminent risk that maltreatment will continue or may reoccur in the home or with the caregiver, the state intervenes by obtaining legal custody of the child and placing the child in a safer environment temporarily (foster care) until risk of further harm with the caregiver can be eradicated (Wells, 2006). When children are placed in foster care, case managers seek and employ the appropriate services that continues facilitating safety, permanency, and well-being (Huggins-Hoyt & Stephens, 2017).

Case managers perform a myriad of tasks on a daily basis, spanning from tasks that are well-defined and routine to those that are unorthodox (Holosko, 2017b). Just some of the numerous case management activities include developing case plans, assessing progress toward case plan goals, coordinating and supervising family visits, conducting frequent case manager-child/caregiver visits, coordinating physical and mental health care services, coordinating and/or delivering parent education and training, supervising foster homes/parents, coordinating appropriate placements for children, presenting case developments and recommendations to the juvenile courts, and linking and approving other specialized support services (Chuang, Collins-Camargo, McBeath, Wells, & Bunger, 2014; Huggins-Hoyt & Stephens, 2017; McBeath & Meezan, 2009; Wells, 2006). The “linking and approving” function involves the procurement of services from the private sector along the case progression continuum to ensure success for these children and their families. Private provision of services may include family preservation and wraparound support, foster home recruitment and placement, prevention, mental health, and adoption (Costin et al., 1996; Pecora, 2000; Whitelaw-Downs et al., 2004).

Child Welfare Monitoring, Performance Measures, and National Standards

The Children's Bureau monitors state agency performance via the *Child & Family Services Review* (CFSR) process on a periodic basis. Per the Children's Bureau (2016b), *CFSRs* were authorized by the 1994 Amendments to the *Social Security Act* with 3 goals: 1) to ensure conformity with the requirements in Titles IV-B and IV-E of the *Social Security Act*, 2) to determine what is actually happening to children and families as they are engaged in child welfare services, and 3) to assist states in helping children and families achieve positive outcomes. Based on CFSR results, states develop Program Improvement Plans (PIPs) to address areas that need improvement (Children's Bureau, 2016b). While the *CFSR* assesses performance on safety, permanency, and well-being, national standards are only established for safety and permanency outcomes (Children's Bureau, 2011).

The Bureau also monitors state agencies through the collection of data reporting systems. Two of these systems are the *Adoption and Foster Care Analysis and Reporting System* (AFCARS) and the *National Child Abuse and Neglect Data System* (NCANDS). *AFCARS* is a federally mandated data collection system intended to provide case-level information on all foster care and adopted children covered by the protections of Title IV-B/E of the *Social Security Act* (Section 427) (Bronfenbrenner Center for Translational Research, 2016; Children's Bureau, 2016d). *NCANDS*, while voluntary but widely reported to by states, tracks the volume and nature of child maltreatment reported in the U.S. annually; and contains child- and state-level information on all investigated reports of maltreatment to state child protective service agencies (Bronfenbrenner Center for Translational Research, 2016; Children's Bureau, 2016e).

Agency performance is monitored on safety and permanency outcomes through the collection and analysis of 14 *AFCARS*, 2 *NCANDS*, and 17 *CFSR* data indicators. (Children's

Bureau, 2015, 2016c; Testa & Poertner, 2010; U.S. Department of Health and Human Services, Administration of Children and Families, Administration on Children, Youth and Families, Children's Bureau, 2015). More specifically, safety is assessed by the extent that children experience recurrences of maltreatment, especially including maltreatment of children while in foster care. Permanency is assessed by the extent children achieve timely positive permanency (i.e., reunification, live with a relative, guardianship, adoption) and negative permanency (i.e., emancipation or "aging-out"). The stability of placements and placements settings (i.e., group homes or institutions) while in foster care and the rate children re-enter foster care (reentry) after a previous discharge are also measures assessed to determine agency performance. Additionally, states are required, in accordance with *the Child and Family Services Improvement and Innovation Act* and *Titles IV-B and IV-E of the Social Security Act*, to report on caseworker visits with children, including visits in the residence (Children's Bureau, 2012). Tables 1.1 and 1.2 list and define these outcome measures and national standards, respectively.

Foster Care Service Delivery: An Overview of Challenges and Reform

Prevalence and Cost of Foster Care

The number of U.S. children in foster care has been on a steady incline over the past 5 years. According to the *AFCARS Preliminary FY2015 Report* (2016a), on the last day of the fiscal year (September 30th), the foster care population increased from 397,301 in 2012 to an estimated 427,910 in 2015. During this time period, the number of children entering care increased from 251,354 in 2012 to an estimated 269,509 in 2015 (Children's Bureau, 2016a); and the number of children exiting care steadily decreased from 239,535 in 2012 to 237,554 in 2014. Although exits increased to 243,060 in 2015, this still constitutes a slower rate of exits than entries (Children's Bureau, 2016a).

Table 1.1

List of Performance Outcome Measures

Outcome Measure #	Outcome Measure Name	Federal Government Definitions
1	Recurrence of Maltreatment within 6 months	The percentage of child victims who experience a recurrence of maltreatment within a six-month period
2	Reduce the incidence of child abuse and neglect	The percentage of all children in foster care who were maltreated by a foster parent or facility staff member
3.1	*Increase Permanency*: All Positive Exits	Of all children who exited foster care during the year, what percentage left to either reunification, adoption, or legal guardianship (i.e., were discharged to a permanent home)?
3.2	*Increase Permanency*: Exits for Disabled	Of all children who exited foster care during the year and were identified as having a diagnosed disability, what percentage left to either reunification, adoption, or legal guardianship?
3.3	*Increase Permanency*: Exits for Older Children	Of all children who exited foster care during the year and were older than age 12 at the time of their most recent entry into care, what percentage left either to reunification, adoption, or legal guardianship?
3.4	*Increase Permanency*: Emancipation	Of all children exiting foster care in the year to emancipation, what percentage were age 12 or younger at the time of entry into care?
3.5	*Increase Permanency*: By race	Of all children who exited foster care during the year, what percentage by racial/ethnic category left either to reunification, adoption, or legal guardianship?
4.1	Reduce time in FC to reunification	Of all children reunified with their parents or caretakers at the time of discharge from foster care during the year, what percentage were reunified in less than 12 months from the time of entry into foster care? (N=50 states) • Less than 12 months from the time of latest removal from home • At least 12 months but less than 24 months • At least 24 months but less than 36 months • At least 36 months but less than 48 months • 48 or more months
4.2	Reentry	Of all children who entered foster care during the year, what percentage reentered care:

Outcome Measure #	Outcome Measure Name	Federal Government Definitions
		• Within 12 months of a prior foster care episode? • More than 12 months after a prior foster care episode?
5	Reduce time in foster care to adoption	Of all children discharged from care during the year to a finalized adoption, what percentage were discharged in less than 12 months from the date of the latest removal from home?
6.1a	*Increase placement stability*: Kids in care less than 12 months with 2 or fewer	Of all children served in foster care during the year who were in care for less than 12 months, what percentage had no more than two placement settings?
6.1b	*Increase placement stability*: Kids in care 12 to 23 months with 2 or fewer	Of all children served in foster care during the year who were in foster care for at least 12 months but less than 24 months, what percentage had no more than two placement settings?
6.1c	*Increase placement stability*: Kids in care at least 24 months with 2 or fewer	Of all children served in foster care during the year who were in foster care for at least 24 months, what percentage had no more than two placement settings?
7	Reduce placements of young children in GHs or Institutions	Of all children who entered foster care during the year and were age 12 or younger at the time of their most recent placement, what percentage were placed in a group home or institution?
Monthly Visitation	Monthly caseworker-child visits	The total number of visits made by caseworkers on a monthly basis to children in foster care during a fiscal year must not be less than 90 percent of the total number of such visits that would occur if each child were visited once every month while in care.
Monthly Visitation	Monthly in-home caseworker-child visits	At least 50 percent of the total number of monthly visits made by caseworkers to children in foster care during a fiscal year must occur in the child's resident.

Table 1.2

List of CFSR Round 2 National Performance Outcome Indicators and Standards

Outcome Composite Indicator	Federal Government Definitions	National Standard
Safety Outcome 1	Of all children who were victims of a substantiated or indicated maltreatment allegation during the first 6 months of FFY, what percent were not victims of another substantiated or indicated maltreatment allegation within the 6-months following that maltreatment incident?	94.6 or higher
Safety Outcome 2	Of all children served in foster care in FFY, what percent were not victims of a substantiated or indicated maltreatment by a foster parent or facility staff member during the fiscal year?	99.68 or higher
Permanency Composite 1	Timeliness and Permanency of reunification *Measure C1.1*: Of all children discharged from foster care to reunification during the year who had been in care for eight days or longer, what percentage were reunified in less than 12 months from the date of the latest removal from home? (Includes trial home visit adjustment**) *Measure C1.2*: Of all children discharged from foster care to reunification during the year who had been in care for eight days or longer, what was the median length of stay (in months) from the date of the latest removal from home until the date of discharge to reunification? (Includes trial home visit adjustment) *Measure C1.3*: Of all children who entered foster care for the first time in the 6-month period just prior to the year shown, and who remained in care for eight days or longer, what percentage were discharged from foster care to reunification in less than 12 months from the date of the latest removal from home? *Measure C1.4*: Of all children discharged from foster care to reunification in the 12-month period prior to the year shown, what percentage reentered care in less than 12 months from the date of discharge?	122.6 or higher
Permanency Composite 2	Timeliness to Adoption *Measure C2.1*: Of all children discharged from foster care to a finalized adoption during the year, what percentage were discharged in less than 24 months from the date of the latest removal from home? *Measure C2.2*: Of all children discharged from foster care to a finalized adoption during the year, what was the median length of stay in care (in months) from the date of latest removal from home to the date of discharge to adoption?	106.4 or higher

Outcome Composite Indicator	Federal Government Definitions	National Standard
	Measure C2.3: Of all children in foster care on the first day of the year who were in care for 17 continuous months or longer, what percentage were discharged from foster care to a finalized adoption by the last day of the year? *Measure C2.4*: Of all children in foster care on the first day of the year who were in foster care for 17 continuous months or longer, and who were not legally free for adoption prior to that day, what percentage became legally free for adoption during the first six months of the year? *Measure C2.5*: Of all children who became legally free for adoption in the 12-month period prior to the year shown, what percentage were discharged from foster care to a finalized adoption in less than 12 months from the date of becoming legally free?	
Permanency Composite 3	Achieving permanency for child in FC for long periods of time *Measure C3.1*: Of all children who were in foster care for 24 months or longer, what percent were discharged to a permanent home prior to their 18th birthday and by the end of the fiscal year? A child is considered discharged to a permanent home if the discharge reason is adoption, guardianship, reunification, or live with relative. *Measure C3.2*: Of all children who were discharged from foster care in FY who were legally free for adoption at the time of discharge (i.e., there was a parental rights termination date reported to AFCARS for both mother and father), what percent were discharged to a permanent home prior to their 18th birthday? *Measure C3.3*: Of all children who either (1) were discharged from foster care in FY with a discharge reason of emancipation, or (2) reached their 18th birthday in FY 2004 while in foster care, what percent were in foster care for 3 years or longer?	121.7 or higher
Permanency Composite 4	Placement Stability *Measure C4.1*: Of all children were served in foster care during the FFY, and who were in foster care for at least 8 days but less than 12 months, what percent had two or fewer placement settings? *Measure C4.2*: Of all children who were served in foster care during the FFY, and who were in foster care for at least 12 months but less than 24 months, what percent had two or fewer placement settings? *Measure C4.3*: Of all children who were served in foster care during the FFY, and who were in foster care for at least 24 months, what percent had two or fewer placement settings?	101.5 or higher

Outcome Composite Indicator	Federal Government Definitions	National Standard
Well-Being Outcome 1	Families have enhanced capacity to provide for their children's needs	None
Well-Being Outcome 2	Children receive appropriate services to meet their educational needs	None
Well-Being Outcome 3	Children receive adequate services to meet their physical health needs	None

Note. 1) CFSR data is collected for a 12 month state specific target period ending approximately 12 months prior to an onsite review. Depending on the individual state and timing of the review, a state data profile could include 1 to 3 years of data. 2) National standards are established for safety and permanency outcomes only and based on results from the 2007-2010 Round 2 CFSRs (Children's Bureau, 2011, 2016b).

The reported 2014 total U.S. expenditures (federal, state, local) on child welfare services was $29.1 billion dollars, a 1% decrease in the 2012 overall expenditures of $29.3 billion (Rosinsky & Connelly, 2016). Specifically, for foster care services, states reported allocating $3.2 billion of federal Title IV-E and $576.8 million in federal Title IV-B funds in 2014, a 7% and 6% decrease from 2012, respectively (Rosinsky & Connelly, 2016). Thus, child welfare advocates, politicians, and other stakeholders across the country have demanded increased efficiency, more accountability, and cost-savings in achieving desired outcomes for foster children and families.

Issues in Foster Care Service Delivery

In addition to the prevalence and cost of addressing child maltreatment, state child welfare agencies have struggled to achieve desired performance outcomes for these children, ensuing resounding calls for reform. Other issues agencies have struggled with include legal actions (consent decrees), fund reductions and sequestration, public outcry, poor worker retention, and the disparate representation and treatment of agency-involved minorities (*disproportionality*), to name a few. While each of these issues holds significant weight in the overall effectiveness of the child welfare system and deserve more in-depth exploration, this study will only focus on performance outcomes and *disproportionality*.

State performance outcomes. Regarding the performance of these agencies, according to the *Federal Child and Family Review Aggregate Report* (2011) for round 2, "…although no states achieved substantial conformity in 6 of the 7 outcomes, 10 states did achieve 'substantial conformity' with Well-Being Outcome 2: Children receive appropriate services to meet their educational needs" (p. 2). Figure 1 shows the percentage of cases for each state that

“substantially achieved” safety, permanency, and well-being performance outcomes (Children's Bureau, 2011).

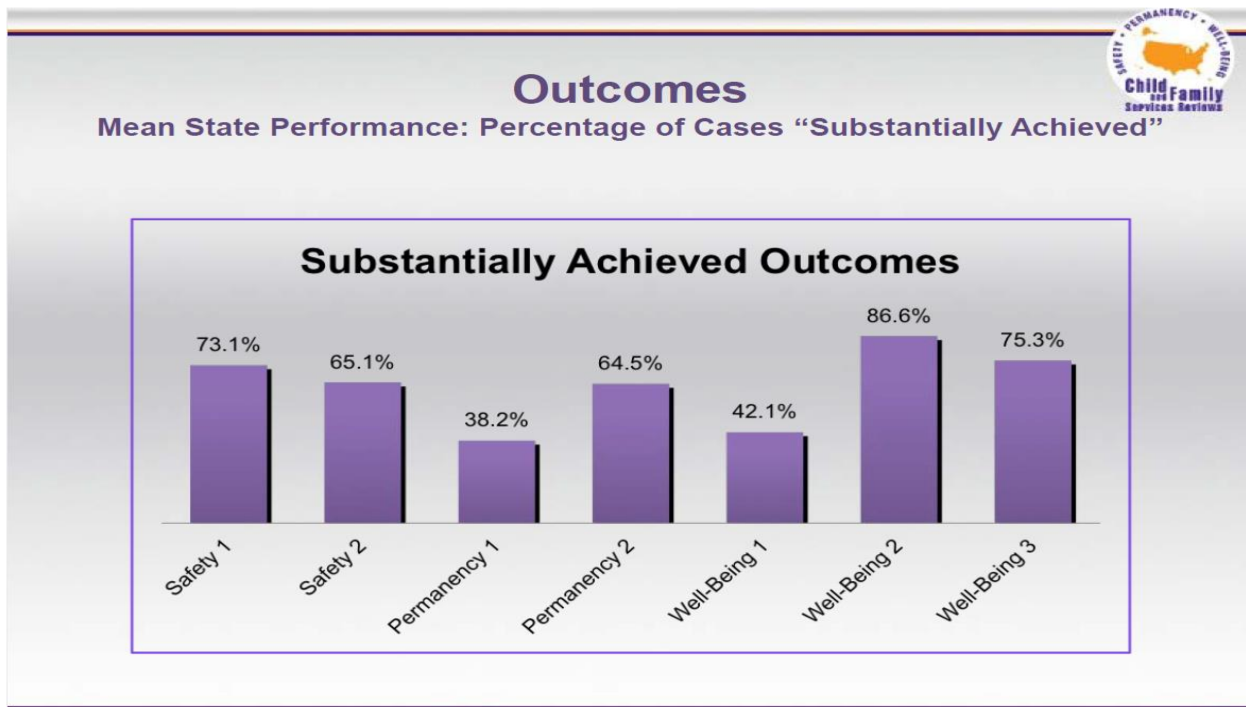

Figure 1.2. Mean state performance: Percentage of cases “substantially achieved” (*N* = 65) (Taken from: “CFSR FY 2007-2010 Round 2 Findings (52 States Reviewed)” PowerPoint)

A complete CFSR is conducted in 3 phases: 1) Statewide Assessments that produce state data profiles, 2) On-site Reviews that include a review of a minimum of 65 cases, stakeholder interviews, and an assessment of outcomes and systemic factors, and 3) Program Improvement Plans for states that do not “substantially achieve” one or more of the 7 outcomes (Children's Bureau, 2011). According to the CFSR Round 2 Procedure Manual (2006), “substantial conformity” for state performance is determined by the 2 factors:

- Performance on related national standard data indicators for safety outcome 1 and permanency outcome 1.

- The percentage of cases reviewed on-site that are determined to be "substantially achieved" for all outcomes (95 percent).

Racial disproportionality in child welfare. For over 20 years, foster care agencies have been rife with the problem of disproportionate representation of minority children in the system—*disproportionality*, particularly for African American/Black and American Indian/Alaskan Native children (Briggs, 2011; Harris, 2014; Hill, 2007; Roberts, 2008). Minority children and families also have historically received disparate treatment—*disparity*—by the system compared to their majority counterparts. Foster children of color are known to experience longer stays in care, are re-victimized more while in care, and achieve positive permanency less as compared to white foster children (Harris, 2014; Roberts, 2002). Consequently, researchers and government officials have posited that *racial disproportionality* and *disparity* in child welfare systems have led to state sponsored disruption, restructuring, and policing of minority families (Roberts, 2002), and tense relationships between communities and government (Roberts, 2008); thus, facilitating two different lived realities for whites and people of color in America, as intricately discussed in Hacker's (2003) book *Two Nations: Black and White, Separate, Hostile, Unequal*.

Currently, the prevalence of this phenomena is evidenced by *U.S. Department of Health and Human Services, Children's Bureau* (2015) national statistics that reported 414,429 children were in foster care at the end of FY 2014 (on September 30, 2014). Of these 42% were White, 24% Black or African American, 22% Hispanic, 7% were two or more races, 3% unknown/unable to determine, 2% American Indian/Alaskan Native, 1% Asian, and 0% Native Hawaiian/Other Pacific Islander (U.S. Department of Health and Human Services, 2015). The total child population in the U.S. by race in 2014 was: 52% White, 24% Hispanic or Latino, 14%

Black or African American, 5% Asian, 4% two or more races, 1% American Indian/Alaskan Native, <.5% Native Hawaiian/Other Pacific Islander (Kids Count Data Center, 2015).

Considering foster care-to-total population ratios, African Americans were significantly represented disproportionately in the system making up 24% of foster children, but only 14% of the total child population in the United States; while American Indian/Alaskan Native children were slightly represented disproportionately making up 2% of the foster care population compared to 1% of the total child population (U.S. Department of Health and Human Services, 2015). According to the 2013 report on *Disproportionality Rates for Child of Color in Foster Care* (Summers, 2015), the disproportionality index for African American/Black children was 1.8, meaning these children were 1.8 times more likely to be represented in foster care than their counterparts. The index for American Indian/Alaskan Native children was 2.5, compared to indexes for Caucasian/White children at 0.8, Hispanic/Latino 0.9, and Asian/Pacific Islander 0.1 (Summers, 2015).

Child Welfare Reform Initiatives

In the effort to reform systems and improve safety, permanency, and well-being outcomes, many states have taken advantage of the Child Welfare Waiver Demonstration provision that allows them to use federal Title IV-E funds more flexibly to design, test, and implement innovative approaches to service delivery and financing (Children's Bureau, 2016e). Here, waiver demonstration projects have ranged from the adoption of evidence-based practice models, to the transferring of all or key components of service delivery to the private sector—*privatization*, which is the focus of this study.

Privatization. *Privatization* has become one of the more salient features of the nuanced but conjoined efforts of *new federalism* and *neoliberalism*; and the importation of business

management theories to the administration of public services—*new public management* (NPM) (Frederickson, Smith, Larimer, & Licari, 2015). Cutting the size of the federal government to restore the power and rights of states was the main goal of *new federalism* (DiNitto & Cummins, 2005; Sanger, 2003; Swain, 1984; Trattner, 1999; Van Slyke, 2003), while transferring public service delivery from states to the more efficient private market sector was the main goal of *neoliberalism* (Caplan & Ricciardelli, 2016; Holosko & Barner, 2015; Sanger, 2003; Sclar, 2000). Gilbert (2002) stated, "the meaning of *privatization* is thus defined as a change in the initial organization of state and market responsibilities for social welfare toward more market and less state" (p. 101). Over the past 35 years, *privatization*, in some form or fashion, has permeated all levels of U.S. government and public social/human service delivery.

By the late 1960s into the 70s, the culprits (e.g., spiraling costs and wasteful government spending), necessitated reforms for social service delivery, including child welfare services, and a series of legislative initiatives were put in place to reverse the course. Consequently, "a growing disenchantment with the value of public services, as well as increased skepticism about the efficacy of public service provision, resulted in a new emphasis on private sector linkages" (Gibelman & Demons, 1998, p. 9). Nearly all federal restrictions on "purchase of services" (POS) use had been relaxed by 1969, and soon to follow were amendments to federal social service legislations. Title XX of the *Social Security Act* was passed in 1974 giving states the responsibility of defining social services, deciding where the services should be provided, how they should be administered, who should be eligible to receive them, and how federal funds would be disbursed.

By the 1980s, during the Reagan era, the failings of big government, chiefly deemed an "enabler", were strategically and effectively accentuated while notions such as "personal

responsibility" and "private sector efficiency" were amplified; which all together kicked-off the "devolution revolution" (Dunlop & Holosko, In Press; Gilbert, 2002; Ochs, 2015; Sanger, 2003). According to Ochs (2015), devolution garnered support from both sides of the political spectrum; as the political right saw it as "…a means to enhance supervisory and accountability practices" and to the left "…it offered flexible, local community solutions to the complex economic, social, and political factors that affect poverty" (p. 41).

While the federal government was initially relegated more to providing technical assistance to states; the *Omnibus Budget Reconciliation Act* of 1981, offered states and localities even more authority and flexibility to design social service programs, but with less funds (Gibelman & Demons, 1998; Patti, 2000; Wedel, Katz, & Weick, 1979). This act authorized the social service block grant program and ostensibly eliminated the majority of federal regulations. Gibelman and Demons (1998) stated:

> …the level of federal funding was reduced by 25%. States would no longer have to meet a 25% match of the federal contribution, a feature of earlier *Social Security Act* amendments, but were encouraged by the Reagan Administration to make up for this difference in federal funding and finance "real" service costs by promoting private donations and state voluntary contributions…The Reagan message was clear: the private sector should have a more expansive role in the planning, financing, and delivery of human services. (p. 12)

The so-called 'open door' to the private sector welcomed both for-profit and non-profit organizations to the public service industry. In theory, private sector involvement was expected to cut governmental cost for social services, maximize tax revenue through market competition, and promote citizens' choice for services (Caplan & Ricciardelli, 2016; Freundlich &

Gerstenzang, 2003; Gibelman & Demons, 1998; Girth, Hefetz, Johnston, & Warner, 2012; S. R. Smith & Lipsky, 1993; Van Slyke, 2003). The private sector then became integral in most social service sectors, e.g., child care, public assistance, housing, health care, education, mental health, child support, employment, substance abuse, and criminal justice through market mechanisms such as contract service delivery, voucher systems, and consumer-directed spending (Caplan & Ricciardelli, 2016; Gilbert, 2002; Lawrence-Webb, Field, & Harrington, 2006; Minow, 2003; Sanger, 2003). To date, the *modus operandi* seems to be governments entering into contractual arrangements with private organizations to deliver social services directly to citizens, either through fee-for-service or, the more sophisticated performance-based contracts (Martin, 2005).

Over a decade ago, researchers estimated that approximately 80% of all social service delivery funding may involve contracts with the private sector by 2010 (Collins-Camargo, Armstrong, McBeath, & Chuang, 2013; Martin, 2005, 2007). By 1997, slightly over half (52%) of federal, state, and local government funds for social services went to non-profits (Boris, De Leon, Roeger, & Nikolova, 2010; Salamon, 2003). Further, Boris et al. (2010) of The Urban Institute studied the prevalence of social service public-private contracts and reported more current estimates in their *Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofits Government Contracting and Grants* report. The report findings estimated that:

- Government agencies have approximately 200,000 formal agreements (contracts and grants) with about 33,000 human service nonprofit organizations.
- The average is 6 contracts and grants per organization; the median is 3.
- Government funding accounts for over 65% of total revenue.

- 60% of organizations with government grants and contracts count those grants and contracts as their largest funding source. (Boris et al., 2010, p. vii)

Child welfare reform efforts also began to echo the need to move from a government monopolized model, to the quasi-market model of *privatization* to achieve greater efficiency, accountability, cost-savings, and ultimately improved outcomes for children and families (Bunger et al., 2014; Freundlich & Gerstenzang, 2003; Holosko, 2015; Holosko & Barner, 2015; Kahn & Kamerman, 1999; Pessoa, 2009; Steen & Smith, 2012; Wells, Jolles, Chuang, McBeath, & Collins-Camargo, 2014). Notwithstanding the long history of public-private partnerships in the provision of child welfare services, private agencies have typically been limited to providing family preservation/support, clinical assessment and treatment, foster home recruitment and placement, prevention, and adoptions services (Coles, 2015; Kahn & Kamerman, 1999; Meezan & McBeath, 2011).

However, reform by way of *privatization* in child welfare has been more recently characterized as the complete transfer of legal authority and case management functions to local private providers. Consequently, as a counter measure to government inefficiency, at least 11 of 47 (23%) states implemented *limited privatization* arrangements of case management services, 6 (13%) transitioned a *large-scale of services* to the private sector, and up to 47 reform initiatives to *privatize* in 29 states emerged between 1997 to 2008 (Collins-Camargo, McBeath, & Ensign, 2011; Flaherty, Collins-Camargo, & Lee, 2008; Unruh & Hodgkin, 2004). However, despite the number of reform initiatives up to 2008, by 2012 only 6 and 14 states provided case management services through sole or partial privatized arrangements, respectively (Coles, 2015).

Study Objectives

Privatization, as a political economic concept, has been promoted as an alternative child welfare policy reform initiative with great potential for allegedly improving the efficiency and effectiveness of the system, thus improving outcomes for system-involved children and their families. However, the knowledge-base in this area is still devoid of substantive empirically rigorous comparative studies that measure the effects of policy on actual agency performance outcomes using large national sample sizes.

Therefore, this study has three objectives: 1) to examine what extent the economic implications of *privatization* impact national safety and permanency outcomes by comparing the performance of privatized and non-privatized foster care systems; 2) to employ a microeconomic theoretical framework to the discussion on comparative findings; and 3) to create opportunities for expanded analyses of policy and practice implications in social work. Careful comparative consideration will be given to testing a business model hierarchy in this study. It proposes the following hypotheses in this regard:

$\underline{H_1}$: Privatization yields better outcomes at lower cost or no difference in outcomes at lower costs. This is deemed a best-case scenario.

$\underline{H_2}$: Privatization yields no difference in outcomes or costs. This is deemed a status-quo scenario.

$\underline{H_3}$: Privatization yields worse outcomes and higher costs or no difference in outcomes at higher costs. This is deemed a worst-case scenario.

As the provision of child welfare services has historically been a chief function of the social work profession, this study is expected to fill gaps in social work scholarship on child welfare, and further inform best policies and practices intended to improve the lives of children

and their families. Thus, a thorough review of the literature on comparative studies in the area of privatizing various forms human/social services (e.g., public/mental health, prisons, education, and child welfare) will be highlighted in the next chapter. The methodology for this study will then be explained in chapter 3; and the final results and in-depth discussion of the analyses will be detailed in chapter 4. Chapter 5, will synergize the study into final conclusions and recommendations; highlighting implications for social work practice and offering opportunities for future research.

Concluding Remarks

As this study examines the phenomena of privatizing foster care service delivery and its effect on outcomes for children and families, an additional number of key terms and concepts will recur throughout this study to contextualize and synthesize the resultant discussion on this matter. Table 1.3, therefore, list these terms and concepts along with their respective definitions.

Table 1.3.

Additional Key Child Welfare Terms and Concepts

Terms/Concepts	Definitions
1. Adoption Services	Provided to children whose biological parents have relinquished or had their parental rights terminated making them available for another person(s) to assume or adopt permanent legal parental rights to the child.
2. Adoption and Foster Care Analysis and Reporting System (AFCARS)	Collects, analyzes, and reports data related to all foster care and adoption cases in the United States. States are federally mandated to submit data to this system by the Title IV-E/B provisions of the *Social Security Act* (Section 427).
3. Age-Out	Refers to a foster child who reaches their 18th birthday while in foster care and is automatically discharged from the legal custody of the state before achieving permanency.
4. Case Planning and Management	The planning, coordination, implementation, and tracking of activities and services that facilitate a case moving from open to closure.
5. Case Manager	A professional that is responsible for carrying out case planning and management activities within the child welfare system.
6. Child Abuse & Neglect (CAN)/Child Maltreatment (CM)	Child-rearing/caring that is below minimally sufficient standards and results in harm to the child. This could include neglect, physical abuse, sexual abuse, emotional abuse, and other forms of maltreatment. Definitions and criteria for each maltreatment type is determined by states.
7. Child and Family Services Review (CFSR)	A review process that monitors agency compliance with federally-mandated child welfare policies and regulations; assist agencies in improving agency performance outcomes; and tracking their progress.
8. Child Caring Institution (CCI)	A home or residential facility that provides placement, caring, and treatment services to foster children.
9. Child Placement Agency (CPA)	A private agency that contracts with state child welfare agencies to recruit, train, and supervise foster parents

Terms/Concepts	Definitions
	for placement for foster children in temporary family-like residential settings.
10. Child Protection Services (CPS)/Investigations (INV)	Provided to families who have fallen below a minimally sufficient level of child rearing/caring and whose children suffer maltreatment (abuse and/or neglect)
11. Child Welfare Services	Provided to families that cannot or are at risk for falling below minimally sufficient child-rearing/caring standards. These services include protective, foster care, and adoption services.
12. Emancipation	A legal process by which a child younger than 18 years of age seeks and is given the status and privileges of someone older than age 18 (an adult) and thereby is discharged from the state custody.
13. Foster Care Services	Provided to families that temporarily cannot maintain a minimally sufficient child-rearing environment in the home. Children are placed with relatives or kin, a foster family, or at a child caring institution temporarily until reunification or another permanent living arrangement can be made. Services are provided to ensure all needs of a child are met while in foster care.
14. Foster Care Entry/Exit	*Entry* pertains to the date a child is legally removed from their home or from their permanent caregiver and placed into foster care. Children are removed by judicial order of the juvenile court. *Exit* pertains to the date a child is legally discharged from foster care via a judicial order.
15. Foster Child	A child who is legally removed from their permanent caregiver due to a report of maltreatment and temporarily placed in a foster home.
16. Foster Home	A residential setting that serves as a temporary placement for a foster child.
17. Guardianship	The physical and legal placement of a child with someone other than the parent.
18. Institutional Arrangement	The institution that arranges and delivers child welfare services.

Terms/Concepts	Definitions
19. Kinship Care	The legal placement of a foster child with a relative or fictive kin.
20. National Child Abuse and Neglect Data System (NCANDS)	A data system that collects and tracks the volume and nature of child maltreatment reported in the U.S. States voluntarily submit data to this system.
21. Permanency	A national performance standard that ensures children are living in a least restrictive family-like setting no longer under the legal custody of the state. *Positive permanency* options include reunification, guardianship, kinship care, and adoption. *Negative permanency* options include long-term foster care (aging out) and emancipation.
22. Placement	Temporarily placing a foster child in a family-like setting (foster home or kinship care) or a child caring institution (group home or residential facility).
23. Placement Stability	Refers to the number of placement disruptions or moves child receives while in foster care.
24. Privatization/Privatize	The transferring of child welfare service delivery functions from public to private agencies.
25. Racial Disparity	The difference in response to, treatment of, service delivery to individuals or populations based on race.
26. Racial Disproportionality	When the percentage of minorities in or served by a system is greater than their percentage in the general population.
27. Re-entry	When a child who has exited foster care has a subsequent entry within 12 months of the previous exit date.
28. Reunification	A permanency option that involves the transfer of legal custody of a foster child from the state back to their biological or initial caregiver.
29. Safety	A national performance standard that ensures children are safe from future harm before entering or while in foster care.

Terms/Concepts	Definitions
30. Well-being	A national performance standard that ensure children have all of their needs (physical, dental, psychological, educational, social, etc.) met while in foster care.

(Children's Bureau, 2016e; Harris, 2014; Roberts, 2002, 2008; Whitelaw-Downs et al., 2004)

CHAPTER 2

LITERATURE REVIEW

This chapter parses the theoretical underpinnings of and extant empirical literature on *privatization* and its impact on North American child welfare service provision. The aim is to lay a foundation for further research about the effects that *privatization* has had on child welfare performance outcomes. This chapter consists of three main sections: 1) an overview of *privatization* in the context of serving *the public good*, including the types of public-private contractual partnerships, and related perspectives and their arguments; 2) an explanation of selected theoretical concepts that will be applied to the comprehensive discussion of the study; and 3) a review of literature on comparative studies examining *privatization* and the delivery of social services.

Overview of Privatization

The Public Good and Privatization

The cornerstone of the United States public service system is our body of legislative and social *policy-makers* (i.e., federal, state, and local public officials) who are tasked with overseeing national domestic affairs that ensure overall, the good or well-being of the people (*the public)* in and of this country. In other words, our elected officials and public administrators are responsible for promoting and protecting *the public good* through sound policy-making and administration. Carrying out this responsibility, on the public's behalf, is the cornerstone of governance and the establishment of public institutions, which both are guided by political, social, and economic theories and practical frameworks (Frederickson et al., 2015). However,

the extent to which allotted resources that promote *the public good* are designed, administered, and delivered at federal and state levels, is often encumbered by many complex mandates and required assurances from *the public*. Thus, the ultimate goal of policy-makers and administrators, through established public institutions financed by public dollars, is to ensure the delivery and administration of "quality" (i.e., timely and effective) *public goods and services* in the most "efficient" way (Epstein, 2013; Frederickson et al., 2015; Martin, 2005; Tierney, 2006). In a cyclic fashion, *the public* then holds policy-makers and administrators accountable for the outcomes produced by the governing mechanisms they use in service to *the public good* (Tierney, 2006).

In the context of serving *the public good*, "accountability" is a manifestation of *the public* logically deducing or rationally agreeing that the best effort to ensure it is and will remain "good", is by paying taxes into coffers that fund the public-promoting activities of political officials and public institutions (Frederickson et al., 2015). When national economic well-being declines, *the public* calls into question the competence of elected and/or appointed policy-makers and administrators in appropriately managing and administering our tax dollars and their resources. Unfortunately, the extent that public sector mechanisms for the delivery of services have been effective and efficient has long been a contentious matter of national debate among policy-makers, administrators, and *the public,* giving rise to alternative idea of adopting private sector mechanisms (e.g., theories, concepts, structures, etc.) into public administration processes—called "new public management" (NPM) (Frederickson et al., 2015; Ochs, 2015; Tierney, 2006).

One such private sector alternative is *privatization*, also known as "outsourcing" or "contracting out", which is a major feature of overarching neoliberal trends. *Privatization*

involves public governmental institutions partnering with private non- or for-profit community-based organizations to serve the needs of communities via contractual agreements; and exist in various forms on federal, state, and local levels (Epstein, 2013; Gibelman & Demons, 1998; Hefetz & Warner, 2004; Kamerman & Kahn, 1998; Ross, 1988; Sanger, 2003; Savas, 2000; Sclar, 2000; Starr, 2014; United States President's Commission on Privatization, 1988). It has both political and economic implications; and is viewed with both appeal and skepticism. Kamerman and Kahn (1998) stated:

> Privatization can be an ideology (for those who oppose government and seek to reduce its size, role, and costs, or for those who wish to encourage diversity, decentralization, and choice) or a tool of government (for those who see the private sector as more efficient, more flexible, and more innovative than the public sector). (p. 1)

As a policy alternative, *privatization* is a mechanism aimed to impact, either positively or negatively, the "accountability" of policy-makers and public institution administrators, and the overall "quality" or "effectiveness" of public services (Epstein, 2013; Gibelman & Demons, 1998). For example, through performance-based monitoring and contracting, there is the potential for more "effective" designs of federal and state policies and service programs. As an economic alternative, *privatization* is a quasi-market mechanism aimed to increase the level of "efficiency" by interjecting "competition" to the service delivery process (Epstein, 2013; Kamerman & Kahn, 1998). Despite the controversy it incites, the ultimate goal of adopting *privatization* as a political economic alternative to delivering services still remains to promote, facilitate, and protect *the public good*.

Public-Private Contracts

Establishing public-private contracts to deliver social services [also called "outsourcing" or "contracting out"] is by far the most common form of *privatization* employed in the United States (Kahn & Kamerman, 1999; Kamerman & Kahn, 1998). Other forms include the elimination and re-assignment—characterized as "load-shedding"—of public functions (e.g., police, fire departments, schools) to the private sector, de-regulation, asset sales, vouchers, and franchising (Linowes, 1988). Governments have outsourced many "hard" or "concrete" services (e.g., garbage collection, utility services, road construction), and "soft" or "subtle" services (e.g., administering welfare benefits, child welfare, corrections, and education) to ensure *the public and social good* (Epstein, 2013; Kahn & Kamerman, 1999). Privatizing "hard" services has been a more successful alternative to public provision because tasks and responsibilities are more easy to specify and monitor, require minimal discretion, and minimal cost to delegate responsibilities to private organizations (Epstein, 2013). For example, if a road construction project is not completed by the specified date, the failure would be easy to detect.

However, according to Epstein (2013) "soft" services address much more complex human needs and so, *privatization* efforts have been much less successful because: 1) people are the primary focus, 2) more discretion is required, and 3) tasks and responsibilities are more difficult to define and measure. He also pointed out a significant difference in *the public* reach and response to "hard" and "soft" service delivery is that "soft" services are typically provided to "...a narrow, disenfranchised segment of the population—for instance, the poor in the case of welfare benefits or criminals in the case of prisons—whereas "hard" services are more likely to affect the whole population (p. 2219).

The designs of public-private contracts to delivery "soft" services have also taken on a number of different forms over the past several decades. The two primary contract mechanisms are: 1) purchase of service (POS) or fee-for-services (FFS), and 2) managed care organizations (MCOs). The managed care model of sub-contracting also consists of two structures: i) performance-based contracts (PBCs), and ii) networks (Embry, Buddenhagen, & Bolles, 2000; Epstein, 2013; Kahn & Kamerman, 1999; Kamerman & Kahn, 1998; McCullough & Schmitt, 2000; United States General Accounting Office, 1998; Unruh & Hodgkin, 2004; Veeder & Peebles-Wilkins, 2001). While each has its own advantages and disadvantages, public-private contracts can consist of one or a combination of the abovementioned forms. Figure 2.1 lists four normal contract types and their respective definitions and features.

Current Perspectives and Arguments Regarding National Privatization

Beyond the altruistic and philosophical values of voluntary engagement in addressing and serving the social needs of *the public,* along with the tendency to reduce the scope and size of government (Minow, 2003), there is a more pragmatic political perspective that promotes *privatization*. For example, proponents assert the potential for cutting through the bureaucratic gridlock which they believe stifles flexibility and innovation in designing and implementing more effective policies and service programs (Kahn & Kamerman, 1999). For instance, in earlier U.S. studies on managed care and privatization in child welfare, Kamerman and Kahn (1998), McCullough and Schmitt (1999), McCullough and Schmitt (2000), and United States General Accounting Office (1998) all highlighted the following as potential benefits: i) reduced fragmentation, gaps, and duplication of services, ii) increased client choice and satisfaction, iii) improved quality and accountability, iv) emphasis on client and performance outcomes, v) political risk sharing for all contractual parties, vi) data driven, vii) clients getting the services

Normal Types	Definitions/Features
1. POS or FFS	• Governments reimburse private providers the cost (based on specified prices) of providing services directly to individuals. • Contract arrangements vary based on the buyer/seller relationship, the nature of services needed, and the length of time services are needed. • Providers bid on contracts through a "Request for Proposal (RFP)" or Request for Quote (RFQ)" process. • Governments issue RFPs indicating services to be offered and/or service objectives and bidders submit plans and cost estimates for meeting specified requirements. • Governments issue RFQs (franchising) when it wants to implement a specific model with requirements, organizational structures and needs already identified (i.e., number of staff, caseload size, working hours, etc.)
2. Managed Care Arrangements	• A case-based service delivery system that facilitates the coordination and integration of a more comprehensive array of services along a continuum (open to closure) of the case; while controlling service utilization and containing costs. • Prospective payments are based on the coordinated or integrated service needs of a case or group of cases; and provided along the continuum of a case from open to closure. • Rate structure is capitated or case-based regardless of the number and type of services provided. • Entry to the service delivery continuum is managed by service approval or eligibility standards. • Expected outcomes are specified and targeted; and progress is monitored by the payer.
3. Performance-Based Measure Contracts	• A form of managed care service delivery that builds in specified performance measures into contractual agreements between the parties so that effectiveness can be adequately assessed and compared. • Governments pay providers set rates or renew contracts based the achievement of specified performance outcome targets.
4. Networks or Lead Agency Form or Managed-Care Organizations (MCOs)	• Governments contract with a "lead agency" or MCO who then establishes a network of provider subcontractors. Specificity of performance outcomes are required in these contracts. • Direct service delivery primarily takes place on the provider subcontractor level; however some contracts allow the MCOs to deliver a specified percentage of services also. • Governments pay the MCO a capitated rate per case, monitors performance, and negotiates/determines contract renewals, modifications, and terminations. • MCOs pay the subcontractors/providers, monitors their performance, and negotiates/determines contract renewals, modifications, and terminations.

Figure 2.1. Four normal types of U.S. public-private contracts

(Embry et al., 2000; Kahn & Kamerman, 1999; Kamerman & Kahn, 1998; United States General Accounting Office, 1998; Veeder & Peebles-Wilkins, 2001)

needed and at the right time and in the right doses, viii) underserved areas gain access to care, and ix) focus a shift from crisis to preventive driven. Reported potential economic benefits, via an infusion of competition, included: i) cost containment and savings, ii) staffing flexibility, iii) diversifying funding streams, iv) pooled or flexible funding, and v) financial risk sharing.

Unfortunately, the downsides that were also pointed out in the abovementioned studies are still noted in more recent studies. Some of these concerns included: i) sacrificing quality for cost savings, ii) miscalculated cost projections leaving providers vulnerable, iii) inadequate capacity of government to manage contracts and monitor providers, iv) inadequate capacity for providers to meet fluctuations in the market and demand for services, v) opportunities for fraud, vi) inadequate number of providers to maintain a strong competitive market, vii) higher transaction costs, and viii) declines in client and performance outcomes (Freundlich & Gerstenzang, 2003; Kahn & Kamerman, 1999; Kamerman & Kahn, 1998, 2014; Martin, 2005; McCullough & Schmitt, 1999, 2000, 2003; Pessoa, 2009; Sanger, 2003; Sclar, 2000; S. R. Smith & Lipsky, 1993; Thornton & Cave, 2010; United States General Accounting Office, 1998).

Given the proliferation of *privatization* across various public service domains, a more in-depth review of empirical studies examining and comparing its effect on social service delivery (i.e., education, correctional, health, and child welfare) will be provided in the next section; followed by a review of the theoretical underpinning and framework for this political economic policy initiative.

U.S. Public vs. Private Social Service Delivery

Since the 1980s, *privatization* policy initiatives have proliferated U.S. systems that deliver human/social services for the primary purposes of cutting the costs and the size of governments (Minow, 2003). National shifts in institutional arrangements for the delivery of

these services from the public to private sector has always been and continues to be a matter of contentious debate among policy-makers, administrators, academics, and members of *the public*. Hence, it begs the question: which U.S. institutional arrangement is most effective at delivering these services to individuals, families, and communities—public or private?

To empirically explore this question, social service structures that have privatized would need to conduct comparative and evaluative studies to ascertain differences in performance outcomes, as well as, levels of quality, access, equity, cost, outputs and efficiency. U.S. institutions, such as education, public health, and corrections that have well established operations under *privatization* have conducted numerous comparative studies over time, although with inconclusive or mixed results (Farazmand, 2001). By contrast, however, comparative literature in the area of privatized child welfare, which is the focus of this study, is sorely lacking. This served as a main rationale for conducting this study.

Education

From the 1954 U.S. Supreme Court decision in the *Brown vs Board of Education of Topeka* to the *2001 No Child Left Behind Act (NCLB)*, "school choice" has been at the core of U.S. private involvement in the public provision of education. While the *Brown* case legally desegregated public schools against the will of many parents catalyzed the school choice movement (Brown, 2002), the *NCLB Act* strongly justified the so-called choice argument by highlighting the failures of U.S. public schools (Boyd, 2007; Vergari, 2007). Although cost-savings and government inefficiencies are key arguments for privatizing public education, efforts have been more so driven by parental choice, whether motivated by race [parents not wanting their children to go to school with children of other races] or class [parents not wanting their children to go to school with children of other classes] (Boyd, 2007).

Thus, the most notable forms of *privatization* in education include: i) granting vouchers to parents to use public funds to attend private schools (Brown, 2002; Cooper & Randall, 2008); ii) tuition tax credits and scholarships from private businesses (Cooper & Randall, 2008), iii) charter schools, which are publicly funded but privately managed (Cooper & Randall, 2008; Hentschke & Wohlstetter, 2007; Vergari, 2007), and iv) outsourcing delivery, and/or management of education to private non-profit or for-profit corporations (Boyd, 2007; Brown, 2002; Cooper & Randall, 2008; Hentschke & Wohlstetter, 2007). Differences between privatized (e.g., voucher and charter) and non-privatized programs on student performance have been evaluated numerous times but with mixed results.

For example, in *Hard Lessons: Public Schools and Privatization (Twentieth Century Fund Report)*, Ascher, Berne, and Fruchter (1996) asserted that the promise of *privatization* to save money and improve educational quality was being oversold. In their study, outcomes for public and private schools were compared in five key areas: i) academic achievement based on test scores, ii) cost, iii) accountability, iv) parent involvement, and v) equity; and for all areas they found no statistically significant differences (Ascher et al., 1996). Gollust and Jacobson (2006), concluded from their study, that overall there is little evidence of any significant positive or negative impact on school performance for either program. However, a meta-analysis on differences between public, charter, and private religious schools on student outcomes found that attendance in a private religious school was associated with the highest level of academic achievement among the three groups, and that charter schools performed no better than regular public schools (Jeynes, 2012).

In a more current and highly controversial study by Lubienski and Lubienski (2014), no significant differences were found between public and private school performance. Their study

compared the national standardized math scores of 4th and 8th graders in public and private schools, and analyzed longitudinal data to ascertain academic achievement over time across these domains. Their findings suggested that even after adjusting for demographic differences among children, there were no statistically significant differences in mean math scores between students in charter or private school and public schools; and longitudinally, public schools were at least as effective as other private schools (more effective than Catholic schools) in raising academic achievement (Lubienski & Lubienski, 2006, 2014).

Public Health

Like many other U.S. public service systems in the 1980s, public healthcare reform initiatives also sought to curtail costs and counter inefficiencies and emerged in the form of managed-care and *privatization*. By the 1990s, the Medicaid program established managed-care arrangements with the private sector to deliver medical services which continues today (Béchamps, Bialek, & Chaulk, 1999; Brock, 2004). By 1993, the Council of State Governments found that almost 50% of state health departments had privatized some services (Brock, 2004); and by 1999, Keane, Marx, and Ricci (2001b) found that 73% of local health departments (LHD) had privatized public health services. Privatized public health services included maternal care, pediatric primary care, family planning, communicable disease control (i.e., HIV, STDs, TB), chronic disease testing and treatment, laboratory work, home health care, substance abuse services, health education, and environmental health services (Brock, 2004; Gollust & Jacobson, 2006; Keane, Marx, & Ricci, 2001a).

Due to the growth in privatizing these services, the Public Health Foundation (1999) conducted a study examining trends in health care finance and organization and early lessons learned from *privatization*. As trends in the 1990s, they noted: expanding managed care models;

public hospital conversion and hospital mergers; and rapid growth in "outsourcing" or "privatizing" public health department services and programs (Béchamps et al., 1999). Keane, Marx, Ricci, and Barron (2002) conducted a study that found 50% of these directors claimed privatization helped their departments perform core functions, while 38% believed it hindered performance. Brock (2004) compared cost of services, access to services, and health outcomes among privatized and non-privatized primary health care systems. He found that privatization had not yielded cost savings or improved health outcomes when compared to non-privatized systems (Brock, 2004). Examining the impact of privatized public hospitals, Villa and Kane (2013) found that hospitals increased their operating margins, occupancy rates, and reduced length of stay, but these influenced the cost of access to care for their communities, due to higher price markups and loss of critical but unprofitable modes of care.

Corrections (Prisons)

The 1960s brought forth a revolution of prisoners' rights, that allowed inmates to challenge the treatment and conditions of correctional officials and facilities in the courts, raising the number of court orders and consent decrees against public correctional facilities sharply by the 1990s (Burkhardt & Jones, 2016). However, efforts to reduce litigation and judicial oversights of prisons emerged in the 1980s, chiefly in the form of delegating prison operations to the private sector (mostly for-profit sector) (Burkhardt & Jones, 2016). Proponents believed that the market innovation of privatization would improve prison conditions and "…thereby minimize the number of lawsuits brought by inmates (Burkhardt & Jones, 2016; Selman & Leighton, 2010). As a result, the number of private correctional facilities used by state and federal governments rose from 67 in 1990, to 415 by 2005 (Burkhardt & Jones, 2016).

Studies on prison *privatization* noted significant issues and mixed results related to: cost savings (Gaes, 2008; Kish & Lipton, 2013; Lundahl, Kunz, Brownell, Harris, & Van Vleet, 2009; Perrone & Pratt, 2003; Pratt & Maahs, 1999); accountability (Volokh, 2013); and quality of confinement (Lukemeyer & McCorkle, 2006; Lundahl et al., 2009; Makarios & Maahs, 2012; Perrone & Pratt, 2003). In Kish and Lipton's (2013) systematic review on cost savings and privatized prisons, they noted that private organizations did save money and time in building new facilities; had lower operating and labor costs; and had an advantage in procurement. They also noted numerous economic issues incurred in establishing public-private contracts (i.e., incomplete contracts, asymmetric information, and moral hazard) (Kish & Lipton, 2013). However, Pratt and Maahs (1999) found that private prisons were no more cost-effective than public, but that a facility's economy of scale, age, and security level were stronger predictors of per diem cost.

Although there were no significant differences between public and private prisons [federal and state] across many domains of quality, Makarios and Maahs (2012) did find that overcrowding was significantly less in private facilities. Comparing private and public operations of juvenile correctional facilities, Armstrong (2001) found no significant differences on juvenile and staff perceptions on the conditions of confinement or juvenile adjustments to confinement. Additionally, other comparative studies found that on the one hand, private prisons had lower recidivism rates and for less serious offenses than public prisons (Lanza-Kaduce, Parker, & Thomas, 1999); and were more likely to offer mental health treatment (Yazzie, 2011). Conversely, other studies found positive correlations between the rise of prison *privatization* to mass incarceration (Alexander, 2010; Aviram, 2014; De Giorgi, 2015).

Child Welfare

In child welfare specifically, many states have increasingly initiated efforts to relinquish case planning and decision-making authority to the private sector, by outsourcing these foster care case management activities and services via performance-based, and/or managed care contracts over the past decade (Meezan & McBeath, 2011). By 2008, at least 11 of 47 (23%) states implemented limited privatization arrangements of case management services, and 6 (13%) transitioned a large-scale of services to the private sector (Collins-Camargo et al., 2011). Additionally, up to 47 reform initiatives to privatize in 29 states existed between 1997 and 2008 (Collins-Camargo et al., 2011; Flaherty et al., 2008; Unruh & Hodgkin, 2004). However, despite the number of such reform initiatives, a more recent comparison study by Coles (2015) found that in 2012, case management services were still primarily performed by state agencies, and sole private provision only existed in 6 U.S. states and 14 had partial provision.

Unfortunately, most states that privatized foster care services reported significantly higher costs and less than optimal outcomes (Collins-Camargo et al., 2011). Thus, in these cases, the market solution (*privatization*) to government inefficiencies did not pan out as expected which begs to question, why? There are numerous studies that linked the consequences of *privatization* to organizational capacity, contract management, and administration (Barillas, 2011; Burnett, 2011; Chuang et al., 2014; Collins-Camargo, 2007; Collins-Camargo et al., 2011; Freeman, 2003; Freundlich & Gerstenzang, 2003; Hubel, Schreier, Hansen, & Wilcox, 2013; Loson, 2009; McBeath, Jolles, Chuang, Bunger, & Collins-Camargo, 2014; McBeath & Meezan, 2009; Meezan & McBeath, 2008, 2011; Unruh & Hodgkin, 2004; Wells et al., 2014; Yampolskaya, Paulson, Armstrong, Jordan, & Vargo, 2004). However, there are few

comparative studies that have examined the effectiveness of private versus public institutional arrangements to deliver case management services.

Of the comparative studies that exist overall, private institutional arrangements have been found to be no more effective or superior than public ones (Steen & Smith, 2012; Thornton & Cave, 2010). Comparing a myriad of variables for public and private agencies, Steen and Smith (2012) concluded [from their systematic review] that although there was a slight decline in safety measures for private agencies in totality, there were no significant differences across measures between private and public agencies. Also, in a recent national study examining case management service delivery, non-privatized or public systems were found to demonstrate higher rates of effectiveness and efficiency than privatized and partially privatized systems (Coles, 2015). This study was the only national study this author could find that compared state systems (privatized, partially privatized, non-privatized) on benchmark measures of effectiveness and efficiency.

Other literature consisted of regional or individual state evaluations of public versus private agencies. Nevertheless, these studies also found that counties within state systems utilizing private agencies to deliver case management services performed at least as well as counties where public agencies provided these services (Yampolskaya et al., 2004). Finally here, comparative studies by McBeath and Meezan (2009) and Meezan and McBeath (2008) explored differences between private agencies with different contractual funding structures (namely performance-based/managed care vs. fee-for-service). Both of these studies found that children and families served by performance-base/managed care organizations received fewer in-agency and community services. They were also less likely to be reunified, and more likely to be placed

in kinship homes than those served by fee-for-service agencies (McBeath & Meezan, 2009; Meezan & McBeath, 2008).

Taken all together, the promise of *privatization* resulting in positive outcomes has not been fully realized in the delivery of social services in U.S. systems. In fact, the literature reviewed herein suggest that, in many cases, especially in the domain of child welfare, this policy initiative is a more burdensome undertaking than a purveyor of increased accountability, efficiency, and cost-savings. While many researchers and government officials have investigated the possible causes of its failures, few have actually applied a political economic philosophical framework to their analyses of privatized social service delivery. Thus, the next section will begin to lay a foundation for such an examination.

Theoretical Framework

To further contextualize this study, its proposed theoretical framework consists of two braided philosophical models: *neoliberalism* and *microeconomics*. Although *neoliberalism* has been conceptualized as either a political economic ideology, theory, and/or practice, there is broad consensus that it foundationally proposes that human well-being is best achieved and advanced through free markets, free trade, strong private property rights, and individual entrepreneurial freedoms (Caplan & Ricciardelli, 2016; England & Ward, 2016; Harvey, 2005; Holosko, 2015; Holosko & Barner, 2015; Larner, 2000; Prechel & Harms, 2007; Springer, Birch, & MacLeavy, 2016; Steger & Roy, 2010). *Microeconomic theory* explains how market activities and events lead to the efficient or inefficient allocation of goods and services (Lewis & Widerquist, 2001; Young & Steinberg, 1995). The *microeconomic* model offers a framework that includes the theory of *market failure* and five additional key economic concepts relevant to

this study: *monopoly/monopsony*, *externalities, asymmetric information, public good,* and *principal-agent problem*. These theories and concepts will be defined further at this time.

Neoliberalism

In the political economic sphere of social science, the famous phrase, '*The Invisible Hand'*, coined by economist and philosopher Adam Smith (2003) in his book *The Wealth of Nations* [originally written and titled *An Inquiry into the Nature and Causes of the Wealth of Nations* in 1776], is the impetus of 17th and 18th century liberalism (*classical liberalism*). It is also the progenitor for the current prevailing ideology of *neoliberalism* that began its rise in the 1970s and continues to exist today in the 21st century (Esping-Andersen, 1990; Harvey, 2005; Holosko, 2015; Prechel & Harms, 2007; Steger & Roy, 2010). The modern day interpretation and name of Smith's '*Invisible Hand'* thesis, which was iteratively developed in the 1950s by Kenneth Arrow and Gerard Debreu, as the "*First Fundamental Theorem of Welfare Economics* (*FFTWE*)" (Stiglitz, 1991). According to Lewis and Widerquist (2001), *FFTWE* and Smith's (2003) *Invisible Hand* propose that:

> …if all trade is purely voluntary (no theft, fraud, coercion, disruptions in the marketplace), if trade is not restricted, if all people trade for their own interests, and if there is a given distribution of property rights, the market will produce a result that is beneficial to all and even be maximally beneficial. (p. 43)

FFTWE is an expression of *homo economicus* and rational choice theory, which both assume all human behavior is dominated by self-interest, and that humans will always exercise prudent and logical decision-making or maximize rational choice-making to improve their own individual outcomes (Peters, 2001). Thus, classical liberalists and neoliberalists believe that the marketplace is the best possible venue for human advancement. Noted thinkers that further

advanced these theories in both economic and political thought, whether in support of it or not, were the German philosopher Karl Marx (1818-1883); Austrian economist, sociologist, and classical liberal philosopher Ludwig von Mises (1881-1973); British economist John Maynard Keynes (1883-1946); Austria-Hungary economist and classical liberal philosopher Friedrich Hayek (1899-1992); and American economist and statistician Milton Friedman (1912-2006) (Peters, 2001; Springer et al., 2016; Steger & Roy, 2010).

By the early 20th century, major political economic events, such as the Great Depression (1929-1939), sparked newer ideas about the economy by influential economists of the times, such as John Maynard Keynes and Karl Polanyi (Steger & Roy, 2010). The *classical liberal* rule, posited the role and function of government was solely to protect individual rights to life, liberty, property, and free enterprise—unfettered capitalism. Eventually however, this rule shifted to the role of government as being more of a protector of *the public* (individual, family, communities) from the ramifications of unfettered capitalism, ushering in the so-called 'golden age of controlled capitalism' (Gray, Dean, Agllias, Howard, & Schubert, 2015; Steger & Roy, 2010).

This new egalitarian belief underscored Keynesian macroeconomics, which instituted more protective regulations and "…advocated massive government spending in the time of economic crisis to create new jobs and lift consumer spending" (Steger & Roy, 2010, p. 6). In short, Keynes and Polyani believed in market enterprise with appropriate government intervention, just not free market enterprise. Additionally, the Keynesian model was also a significant departure from the Marxist view that the basic premise of capitalism is irreparably flawed and a danger to *the public good* because in such a system labor is exploited when they

produce "…the whole of a product but got only part of it" (Friedman & Friedman, 2002, p. 167; Harvey, 2005; Steger & Roy, 2010).

While the bourgeoisie class [ruling, wealthy, or capitalist class] greatly benefitted from the era of classical liberalism, the proletariat class [labor or working class] benefitted more from the era of Keynesianism. Unfortunately, a series of events happened in the 1970s that led to a severe economic crisis, which included: 1) the *Oil Crisis of 1973* (sudden and sharp increases in oil prices), 2) stagflation or the recession from 1973-1975 (runaway inflation and rising unemployment), 3) pressure from labor unions to increase wages, and 4) the U.S. exit from the *Bretton Woods Agreement* [the gold standard], that led to a drop in the value of the dollar and declining corporate profits (Harvey, 2005). The culmination of these circumstances brought Keynesianism to a halt, and ushered in a resurgence of liberalism, but as a newer iteration—*neoliberalism.*

This new form of *liberalism* became a bona fide and coherent prescription for economic policy and political institutions during what is known as the *Washington Consensus of 1989* (Caplan & Ricciardelli, 2016; Farazmand, 2001; Harvey, 2005; Peters, 2001; Pierson, Castles, & Naumann, 2014; Stark, 2010). The insurgence of *neoliberalism* was a radical affair intended to reform the economy, state, and society on a global scale, but particularly in the Western world (Peters, 2001). However, Harvey (2005) asserted that the rise of *neoliberalism* was more so an elitist upper class economic survival and conquer agenda, in reaction to too many of U.S. wealthy people losing too much money during the 1970s economic crisis. Consequently, the capitalist class pursued initiatives that would allow them to amass as much wealth possible, and prevent being so harshly impacted by what they deemed to be primarily government failures and meddling in the market (Harvey, 2005).

Thus, while there are a number of nuanced definitions, conceptualizations, and expressions of *neoliberalism*, there is broad consensus that its main proposition is that human well-being is best achieved and advanced through free markets, free trade, strong private property rights, and individual entrepreneurial freedoms (Caplan & Ricciardelli, 2016; Ferguson, 2004; Harvey, 2005; Holosko, 2015; Plant, 2010; Roy, Denzau, & Willett, 2007; Adrian Smith, Stenning, & Willis, 2008). Harvey (2005) defined *neoliberalism* as:

> A theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. (p. 2)

Furthermore, Larner (2000) and Steger and Roy (2010) conceptualized *neoliberalism* in three dimensions: i) an ideology, ii) a mode of governance or governmentality, and iii) a policy package. Similarly, Prechel and Harms (2007) described the concept in just two related notions: i) a total ideology that involves critiquing and explaining previous economic policies and institutional arrangements and why they failed, and ii) a political agenda that develops new institutional arrangements [modes of governance] that promote economic growth and development. Gray et al. (2015) conceptualized neoliberalism as a theory, ideology, and also a 'thought collective', referring to a space for political intellectuals to align powers of national and international governments in order to institute a renovated vision of classical liberalism (p. 382).

In summation here, Prechel and Harms (2007) posited the following that as the fundamental premise driving *neoliberalism* "…is that the state's interference with market mechanisms is the cause of poor economic performance, and that returning to market fundamentalism will restore prosperity" (p. 5). Other philosophical beliefs held by conservative

neoliberals, assert that the market is superior to government, that government should never intervene in business pursuits for profit, and that freedom is enhance by smaller government (Farazmand, 2001). The U.S. neoliberal policy action agenda has included: i) expanding markets by eliminating government policies that intrude on market activities, ii) cutting taxes to reduce and then transfer resources from a perceived inefficient government to the private sector, iii) to *privatize* by selling public properties (assets, roles, and functions) to the private sector, iv) commodify services that were not originally produced to be exchanged in the market (e.g., health, education, corrections, child welfare), and v) promoting personal responsibility by rolling back social programs (England & Ward, 2016; Harvey, 2005; Holosko & Barner, 2015; Prechel & Harms, 2007; Springer et al., 2016; Steger & Roy, 2010).

The core economic tenets of *neoliberalism* include 1) individualism, 2) choice, 3) rationality, 4) self-interest, and 5) an assumption that the market is the most effective antidote for social problems (Caplan & Ricciardelli, 2016; Farazmand, 2001; Harvey, 2005; Holosko & Barner, 2015). However, these tenets have also sparked much criticism, such as widening the gap between the wealthy and the poor (income inequality); increased poverty and unemployment; commodifying individual sufferings due to political, economic, and social problems that increase human insecurity; de-stabilizing the welfare of individuals, families, and communities; re-structuring or dismantling needed services; and imposing financial and punitive regulations that primarily shift blame and risk from the wealthy and political elite to individuals, who are judged by the extent they exercise personal responsibility (Gray et al., 2015; Harvey, 2005; Holosko & Barner, 2015; Houston, 2013)

Microeconomics

Broadly, the social science of economics studies how people (e.g., individuals, governments, social service agencies, etc.) generate, accumulate, allocate, distribute, and consume resources/products (e.g., goods or services), in order to create value determined by the extent of need and wants (Lewis & Widerquist, 2001; Young & Steinberg, 1995). The economic value of goods and services increases through how people make the best choices or trade-offs to utilize resources, in the most desirable ways. Microeconomics studies the behaviors that lead to these choices or trade-offs within a marketplace, where goods and services are traded or exchanged; or, in other words, what behaviors influenced a consumer's *willingness to pay* for a good or service (Frank, 2010; Young & Steinberg, 1995).

Microeconomic theory assumes that people are both rational and guided by self-interest; and therefore, will make economic choices or trade-offs that will minimize losses (costs) to maximize potential gains (benefits) (Frank, 2010; Lewis & Widerquist, 2001). The satisfaction of gaining a good or service constitutes its utility; and gaining a desired good or service that foregoes an opportunity to gain another desired good or service constitutes a cost [opportunity cost]. Thus, in a marketplace, there are rational and self-interested economic agents of goods and services (e.g., producers and consumers or sellers and buyers) who will analyze, compete, and negotiate with each other to minimize their costs to ultimately improve their own well-being or welfare (Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995). It is precisely this process that Adam Smith and neoliberalists believe that generates the greatest social good (Lewis & Widerquist, 2001; Steger & Roy, 2010).

In the marketplace, *competition* is believed to be the driving mechanism that ensures no one agent in a trade can reap all of the gains leaving the other with all the losses. A perfectly

competitive market has numerous sellers of goods or services that buyers want. So if one agent in a trade seeks to keep all of the gains from the trade, the other agent has the option to take their business to another agent for better returns. Put simply, if a seller of a good, pursuing his/her own interest, tried to raise the price of the good well above what it costs him/her to make that good, other sellers of the same good will enter the market to drive the price down, to one buyers are willing to pay.

There are usually four criteria for achieving *perfect competition*: i) the market has many buyers and sellers that are too small relative to the size of the market for either's actions to effect the market price of a resource, ii) sellers must be selling the same product, iii) all buyers and sellers have perfect information about all relevant factors of the product (e.g., quality, prices, locations, etc.) that may affect their decision to buy or sell, and iv) the market has no barriers to buyers and sellers entering or exiting the market (Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995).

Other important elements of *perfect competition* are "equilibrium" and "efficiency." For a market to be perfectly competitive, there must be an adequate supply [the price and the quantity sellers are willing to sell] of a good or service to meet the demand [the price and quantity consumers are willing to pay or buy], for that good or service. The price and quantity at the point where supply intersects with demand constitutes *equilibrium* (Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995). Furthermore, competition is deemed perfect, when the allocation of a good or service is not changed to make someone better off (gaining a need or want) without making a least one other person worse off (losing a need or want). This accomplishment in the marketplace is known as *Pareto efficient (efficiency)* (Lewis & Widerquist, 2001; Young & Steinberg, 1995). For instance, in the context of social policy, the

goal is to minimize the social costs of a policy to maximize the social benefit; thus, if not even one person is made worse off by a new policy or policy change, the policy is deemed to be efficient or Pareto improving (Young & Steinberg, 1995).

Market Failures

While *perfect competition* is the ideal market structure and *efficiency* is an essential goal, there are other market environments and conditions that counter this ideal. *Imperfect competition* refers to market structures, where conditions or tradable products don't apply or lead to the desired outcomes of perfect competition; and/or at least one condition necessary for *Pareto efficiency* is absent (Lewis & Widerquist, 2001). This type of market environment constitutes *market failure*. There are two types of market structures and four conditions that lead to *imperfect competition* or *market failure*. The structures are: i) monopoly and ii) monopsony. Their conditions are: i) externalities, ii) informational asymmetry, iii) public goods, and iv) principal-agent problem. There are various other types of imperfect market structures not germane to this specific research topic and thus, will therefore, not be discussed further in this study.

Market structures. As indicated, the first market structure is *monopoly*, which means there is only one seller of a good or service, and multiple buyers that are too small independently to affect the behavior of the seller (Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995). Thus, the seller holds the power to set the price of the product to his/her advantage, because although there can be an adequate amount of information exchanged between the buyers and sellers [*perfect information* or *informational symmetry*], there are no close alternatives for the product; and also barriers to new sellers entering the market are created (Lewis & Widerquist, 2001; Young & Steinberg, 1995). A *monopsony* is the second structure where, again

perfect information is possible, but there is only one buyer for a homogenous product sold by multiple sellers. In this type of structure, price-setting power goes to the buyer, and barriers to other buyers trying to enter and sellers trying to exit are created (Lewis & Widerquist, 2001; Young & Steinberg, 1995). Prices in a *monopoly* structure are typically set higher and output set lower than the socially optimal *equilibrium*; while in a *monopsony*, prices and output are both set lower than the *equilibrium* (Lewis & Widerquist, 2001; Young & Steinberg, 1995).

Market conditions. *Externalities* refer to market exchanges or transactions between sellers and buyers that affect a third party, that was not a part of, or considered during the initial exchange (Lewis & Widerquist, 2001). A third party may gain/benefit from a market exchange [positive externality] or lose/incur a cost [negative externality]. *Externalities* cause market failures because external costs or benefits are often difficult to appropriate. This can happen when consumers of external benefits can't receive or use the amount of the good or service they would desire; and producers can't exclude those who do not pay for the external benefit or include those who would pay to reduce costs of the external benefit (Young & Steinberg, 1995). The second way *externalities* may lead to market failures is when the market is 'thin' [too few buyers or sellers] creating opportunities for monopolistic or monopsonistic conditions to arise (Young & Steinberg, 1995).

Asymmetric or imperfect information refers to one agent having information relevant to market transactions that the other party does not and therefore, has the opportunity to manipulate the transaction in their favor (Lewis & Widerquist, 2001). As stated by Lewis and Widerquist (2001), there are two problems that can occur when information is imperfect: i) "…when being insured against some risk provides an incentive to engage in behaviors that increase the likelihood that the risky event will occur" (*moral hazard*), and ii) "…when asymmetric

information about the quality of what is being exchanged causes the exchange of a sub-optimal amount" [*adverse selection*] (p. 72). Thus, the market fails when the exchange of information is lacking or too costly.

When an *externality* is reciprocal, meaning when a member of a group purchases a good or service that the entire group benefits from, regardless of who the purchaser is, the good or service is considered a *public good* (Carande-Kulis, Getzen, & Thacker, 2007; Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995). In other words, Kiesling (1990) contended "the fundamental characteristic of public goods is that they accrue to groups *as groups;* they are not divisible into units that can be the unique possession of individuals" (p. 138). Therefore, *public goods* impede the market's ability to allocate resources efficiently because markets charge all consumers a common price for goods, but under this condition prices would have to be separate and there is usually no *willing to pay* by individual consumers (Carande-Kulis et al., 2007; Dougherty, 2003).

A *pure public good* is characterized by two essential features: i) non-excludability, and ii) non-rivalry. A good or service is non-excludable when "…consumers cannot be prevented from using or benefitting from it except at great cost" (Young & Steinberg, 1995, p. 191). Non-rivalrous refers to when one person's use of a good or service does not prevent others from accessing and using the good or service (Frank, 2010; Kiesling, 1990; Lewis & Widerquist, 2001; Young & Steinberg, 1995). Alternatively, when a good or service is excludable, rival, and generates no *externalities*, it is characterized as a *private good*. *Public goods* and services can be produced or provided by governments and private firms; and characteristics may apply in full or in part. For instance, some goods or services may be excludable but non-rivalrous (toll good);

and some non-excludable but rivalrous (common or congestion good). As such, Figure 2.2 shows the varieties of these public and private goods.

	Excludable	**Non-excludable**
Rival	*Pure Private Goods* Clothing food	*Common-Pool Goods* (Congestion Goods) Urban Freeways Underground oil
Non-rival	*Excludable Public Goods* (Toll Goods) Symphonies or museums Open highways	*Pure Public Goods* Defense Child welfare education

Figure 2.2. Types of public and private market goods.
(Frank, 2010; Lewis & Widerquist, 2001; Young & Steinberg, 1995)

According to Young and Steinberg (1995), there are both solutions and remedies to market failures due to positive or negative *externalities*. Solutions include: i) government mandates on provisions or consumption (i.e., mandate for children to attend school), ii) subsidies to induce higher levels of production or consumption (i.e., public housing vouchers or subsidized student loans), iii) education through positive marketing and advertising campaigns to make goods or service more desirable, thereby increasing demand, iv) taxation to reduce undesirable behaviors, and v) prizes that reward increased consumption. Noted remedies include: i) government mandates that set limits or impose restrictions (i.e., prohibiting smoking in public spaces), ii) taxes imposed to discourage undesirable behaviors (i.e., taxes on cigarettes), iii) education to reduce behaviors (i.e., advertising that promotes the use of public transportation to reduce traffic), iv) offer prizes or impose sanctions (i.e., a prize to a firm that reduces pollution or a sanction on those that don't or increase pollution), v) subsidies (i.e., subsidizing recycling

initiatives), and vi) offering tradable permits so to prohibit those without permits from engaging in externality-generating activities (Young & Steinberg, 1995).

Finally, *principal-agent problems* refer to social relationships between two actors exchanging resources and involves the principal [the government] disposing resources and delegating responsibilities to the agent [private providers] to further its own interest (Braun & Guston, 2003; Taylor & Shaver, 2010; Testa & Poertner, 2010). In child welfare for example, governments and private providers often take collective action through contractual agreements, to address child abuse and neglect where the government (principal), seeks to achieve its performance goals by giving resources (money) and delegating responsibilities to providers (agents). However, *adverse selection* can occur in this relationship when the government is unable to determine whether private providers actually have the capacity to carry out the delegated responsibilities; and *moral hazards* may occur when the government is unable to tell if private providers are actually carrying out their delegated responsibilities, as agreed upon the contract (Dunlop & Holosko, In Press; Lamothe, 2011). In these scenarios, agents often have the upper hand and therefore, the transactions between principals and agents could result in higher costs, than benefits for the principal.

Concluding Remarks

According to the reviewed literature, overall, the potential of *privatization* resulting in positive outcomes has not been fully realized in the delivery of social services in U.S. systems. The numerous national studies reviewed herein, comparing public and private institutional arrangements in education, public health, and corrections revealed that at best, private institutions perform at least as good as public institutions, but *none* revealed substantial improvement of private arrangements over public arrangements. Also, this review of the extant

literature in this area divulges a gap in the domain of child welfare. Therefore, this proposed comparative study of public and private child welfare agencies on national performance outcome measures aims to add to the knowledge-base on *privatization* in child welfare. The methodology this study will employ to ascertain differences in performance between public and private child welfare agencies will be detailed in the next chapter.

CHAPTER 3

METHODOLOGY

The overarching goal of this study is to inform existing best child welfare policies, and promising practices intended to protect and promote the overall welfare of our children. Specifically, the aim is to contribute to the knowledge-base on how the neoliberal reform initiative of *privatization* has effected specific safety and permanency performance outcomes in the U.S. foster care system. This study seeks to: 1) identify differences in outcomes between privatized and non-privatized foster care systems across selected states, 2) determine the extent to which *privatization* moderates the relationships between child/case- and county/state-level factors and identified outcomes, and 3) ascertain the relationship between *privatization* and *disproportionality* in terms of these outcomes, across selected states. The main study hypothesis is that the status-quo scenario will be maintained, which asserts that *privatization* will yield no significant improvements in the safety and permanency outcomes for children in U.S. foster care.

Research Questions

The two primary research questions for this study are:

1. Do privatized foster care agencies outperform non-privatized agencies in achieving safety and permanency outcomes for children?
2. Do children of color fare any better in privatized vs. non-privatized foster care systems?

Seven secondary research questions include:

i. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated safety outcomes?

ii. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated permanency outcomes?

iii. Are there significant statewide differences between privatized and non-privatized foster care systems for caseworker-child visits?

iv. Are there significant statewide differences between privatized and non-privatized foster care systems in child welfare expenditures?

v. Are there significant statewide differences between privatized and non-privatized foster care systems in terms of specific outcome indicators for disproportionally represented children of color?

vi. How does the state system type (privatized or non-privatized) effect the relationships between child-/case-level factors and foster care systems meeting national safety and permanency standards?

Research Design

This secondary analysis employed a quasi-experimental, case-control design. Quasi-experimental designs are frequently used in studies that explore causal inferences with groups that cannot be randomly assigned (Creswell, 2009; Holosko, 2016; Rubin & Babbie, 2011). Case-control designs allow studies to compare these "groups of cases that have had contrasting outcomes and then collect retrospective data about differences that might explain the variances in outcomes" (Rubin & Babbie, 2011, p. 282).

Ascertaining differences in performance outcomes between selected statewide public and private child welfare agencies nationally necessitates processing and analyzing large and complex secondary data sources, now colloquially referred to as “big data” and “data analytics” or “data mining” (Holosko, 2017a). “Big data” is defined as “high-volume, high velocity, and/or high variety information assets that require new forms of processing to enable enhanced decision making, insight discovery and process optimization” (Bello-Orgaz, Jung, & Camacho, 2016, p. 45). These data are also deemed too massive to process via traditional database management tools and applications (Bello-Orgaz et al., 2016; Connelly, Playford, Gayle, & Dibben, 2016; Gharabaghi & Anderson-Nathe, 2014; Kum, Joy Stewart, Rose, & Duncan, 2015; Schuelke-Leech, Barry, Muratori, & Yurkovich, 2015). More succinctly, the five basic features of “big data” [the 5V model] are: volume (large amount of data); velocity (speed of data transfer); variety (different types of data collected); value (process of extracting valuable information); and, veracity (correctness and accuracy of information) (Bello-Orgaz et al., 2016; Kum et al., 2015).

“Data analytics” or “data mining” refers to rigorous techniques used to integrate, process, model, and distribute “big data”, via high-level data management software applications, in order to identify more obscure patterns and trends (Bello-Orgaz et al., 2016; Kum et al., 2015; Schuelke-Leech et al., 2015). Kum et al. (2015) contended, the benefits of employing these techniques in the area of child welfare lies in the conversion of administrative “big data”, into performance information used to improve the effectiveness and efficiency of agencies and by other stakeholders, which ultimately improves the lives of children and families.

Benefits of Secondary Data

Employing existing archived national datasets for secondary analyses, offers a number of advantages: i) it is quicker and cheaper to obtain data with a large number of respondents (Cheng & Phillips, 2014; Drake & Jonson-Reid, 2008; Rubin & Babbie, 2011; Trzesniewski, Donnellan, & Lucas, 2011; Vartanian, 2011), ii) professional institutions that collect and manage these data already applied strenuous methodological processes to ensure the data was properly sanitized before release (Cheng & Phillips, 2014; Rubin & Babbie, 2011; Vartanian, 2011), iii) measures to ensure identifying information of human subjects remain confidential, are taken prior to release (Rubin & Babbie, 2011), iv) the data contains a large number of well-designed and weighted variables (Rubin & Babbie, 2011), v) the various collecting, inputting, and managing institutions provide very detailed documentation about the primary data design, data collection, and data cleaning processes (Cheng & Phillips, 2014), and vi) collecting and managing institutions also provide additional technical support (Rubin & Babbie, 2011). For example, upon request from this study's researcher, *NDACAN* merged variables from the two large datasets to create one configured data file for the specific use in this study.

Research Strategy

Outcomes for a group of state foster care agencies that have transferred case management service delivery functions to the private sector will be analyzed and compared to selected state agencies that maintain full responsibility for the delivery of these services. According to Collins-Camargo (2007), levels of *privatization* are operationalized as follows:

- <u>Privatized (Group A)</u>: Private non- or for-profit organizations provide a full array of case management to the majority of service areas, with full case planning and decision-making authority.

- Non-privatized (Group B): Case management services are delivered through traditional arrangements in which state agencies sub-contract for services on an *ad hoc* basis, and state workers maintain primary case planning and management responsibilities. (p. 25)

The Sample

The extant literature, along with state foster care statutes, policies, and reports, were previously reviewed to identify states in the aforementioned system groups, based on their statewide data availability. In the recent Coles (2015) comparative study, six different state systems were identified as providing all foster care case management services through the private sector. These were: California, Florida, Hawaii, Kansas, Nebraska, and Wisconsin. To accomplish a relatively controlled matched group comparison, the 2013 foster care populations [as of the last day of the federal fiscal year (9/30/2013)] (2016c) of the six privatized systems were used to match and identify six comparable (< 5,000 difference in populations) non-privatized state systems. California was an outlier with the largest foster care population of 56,947 in the United States and therefore, was excluded from the privatized group to prevent a disproportionally skewed comparison.

Table 3.1 shows the resultant case–controlled matched sample of N_1 =10 state systems (5 privatized, 5 non-privatized) serving 69,750 foster children as of 9/30/2013. This selective matching process was done in consultation with the dissertation chair, to retain relatively similar sample sizes for the ongoing analyses, comparing 5 privatized versus 5 non-privatized states. For both groups, the state foster care populations made up 0 to 1% of their total state child population. The privatized group represents a total of n_1 = 36,688 foster children and the non-privatized group n_2 = 33,062 on 9/30/2013. It is important to note here that the resultant sample

of N_2 = 118,761 (privatized n_1 = 63,807, non-privatized n_2 = 54,954) for final analyses includes the foster care population on the first day of the federal fiscal year (FFY) (10/1/2012), and the number of children entering and exiting foster care during the fiscal year. Also, the privatized group consists of three Midwestern states, one southern, and one western compared to two northeastern, one Midwestern, one southern, and one western in the non-privatized group.

Table 3.1.

Sample of Selected States based on the Foster Care Population on the Last Day of FFY2013 (9/30/2013)

Selected States	2013 Child Population	Foster care population on 9/30/2013
Privatized		
1. Florida	4,026,674	18,037
2. Hawaii	307,266	1,085
3. Kansas	724,092	6,441
4. Nebraska	464,348	4,586
5. Wisconsin	1,307,766	6,539
Totals	6,830,156	36,688
Non-Privatized		
1. Alabama	1,111,481	4,524
2. Iowa	724,032	6,341
3. New Jersey	2,022,117	6,946
4. Pennsylvania	2,715,645	14,270
5. Wyoming	137,679	981
Totals	6,710,954	33,062

Data Collection

This study examines statewide child welfare performance and financing, income and poverty, and disproportionality and disparity data collected from four national reports and two secondary sources. The reports include: i) the *Child Welfare Outcomes 2010-2013 Report to Congress* (2016c) compiled from *Adoption and Foster Care Analysis and Reporting System* (AFCARS) and *National Child Abuse and Neglect Data System* (NCANDS) data, ii) the *Child Maltreatment 2014 Report* (2016) compiled from *National Child Abuse and Neglect Data System* (NCANDS), iii) the *Child Welfare Financing SFY 2014: A survey of federal, state, and local expenditures report* (2016) compiled from Casey Child Welfare Financing Survey data, and iv) the *Household Income: 2013 Report Brief* (2014) and the *2013 Small Area Income and Poverty Estimates: State and County Data* (2013) compiled from U.S. Census Bureau American Community Survey data. The two national datasets include: i) the *AFCARS* foster care file data and ii) the *NCANDS* child file data. Data collection, reduction and analyses will use data selected and merged from these two national data sets (Children's Bureau, Administration on Children, Youth and Families, 2015)

Child Welfare Federal Performance Outcome Data

The most recent safety and permanency outcomes data for each state will be obtained from the *Child Welfare Outcomes 2010-2013 Report to Congress* (CWO Report), the *Child Maltreatment 2014 Report* (CM Report), and the *AFCARS Foster Care* and *NCANDS Child File* datasets. The *CWO Report* is published every 2 years and the *CM Report* annually by the U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau.

“*AFCARS* is a federally mandated data collection system intended to provide case specific information on all children covered by the protections of Title IV-B/E of the *Social Security Act* (Section 427)” (Bronfenbrenner Center for Translational Research, 2016). This data is collected electronically, under the auspices of the Children’s Bureau, from all 50 states, the District of Columbia, and Puerto Rico twice a year (October 1 to March 31 and April 1 to September 30). *AFCARS* data are collated in two files: i) the adoption file that contains 60 variables and ii) the foster care file that contains 100 variables. These data files encompass case-level information for all children served by the foster care system and whose adoptions were finalized from October 1 to September 30 of the following year; and are made available to the public annually. *AFCARS* data are archived and provided to the public by the *National Data Archive on Child Abuse and Neglect* (*NDACAN*), a project of the Bronfenbrenner Center for Translational Research located in the College of Human Ecology at Cornell University (Bronfenbrenner Center for Translational Research, 2016). The *AFCARS* data are unrestricted, and can be obtained upon request from *NDACAN*. For the purposes of this study, only the *AFCARS foster care* file data will be included in analysis.

Also under the auspices of the U.S. Children’s Bureau, *NCANDS* collects two levels of reporting data: i) state-specific data (agency file) of all investigated reports of maltreatment to State child protective service agencies, and ii) child-specific data (child file) that tracks the volume and nature of child maltreatment reported (Children's Bureau, 2016c). This study will only analyze child-specific data, which includes the following selected six data elements: i) child demographics, ii) perpetrator demographics, iii) types of maltreatment, iv) dispositions, v) risk factors, and vi) services provided (U.S. Department of Health and Human Services, Administration of Children and Families, Administration on Children, Youth and Families,

Children's Bureau, 2015). Although these elements combined consist of 129 variables, unfortunately not all states report data for all variables consistently.

States voluntarily submit *NCANDS* data electronically for all investigations or assessments of alleged maltreatment receiving a disposition in a reporting year (October 1 to September 30) (Bronfenbrenner Center for Translational Research, 2016). In FFY2012, 46 states (including the District of Columbia and Puerto Rico) submitted child file data except for Idaho, Maryland, North Carolina, Ohio, Oklahoma, and Virginia. In FFY2013, 50 states (excluding North Carolina and Oklahoma) submitted child file data. The 'child file' is restricted data that requires Institutional Review Board (IRB) approval to obtain a 3 year license for use in research; and the 'agency file' is unrestricted data. *NCANDS* child file data is also made available annually through *NDACAN*.

Child Welfare Expenditures Data

The *Child Welfare Financing SYF2014 Report* (CWF Report) represents and summarizes state agency data collected from all 50 states (including the District of Columbia and Puerto Rico) via the 9th national survey of state-level child welfare financing. These data include agency expenditures from federal, state, and local funding sources for state fiscal year 2014 (July 1, 2013 to June 30, 2014 for most states). This report is by *Child Trends*, which also collects and analyzes the financing data with the support of the Casey Family Programs and The Annie E. Casey Foundation (Rosinsky & Connelly, 2016).

Income and Poverty Data

The *Household Income: 2013 Report Brief* (Noss, 2014) and the *2013 Small Area Income and Poverty Estimates: State and County Data* (SAIPE) are both products of the U.S. Census Bureau. Data was collected between January and December 2013 via the *American Community*

Survey (ACS). Their *report brief* contains household median incomes and the income inequality summary measure—*GINI* Index for each state. The *SAIPE* data provides annual estimates of income and poverty statistics for all school districts, counties, and states for the purpose of assisting all levels of government institutions in the appropriate allocation of federal funds and management of programs (U.S. Census Bureau, 2016).

Data Preparation

The totality of data collected for this study required being merged into two distinct datasets: 1) state-level data for the comparative analyses, and 2) child/case-level data for the proposed regression analyses. See Appendix A for a complete list of data variables, including variable names, labels, definitions, level/type, and source.

State-level data was initially entered, coded, cleaned, and finalized in Microsoft Excel 2013 and then exported in to an IBM Statistical Package for the Social Sciences (SPSS) Version 23 file for final prescreening and analyses. The child-/case-level data was obtained in a SPSS file from the *National Data Archive on Child Abuse and Neglect (NDACAN)* at Cornell University. This dataset was configured by the NDACAN Data Manager to the specific needs of this study, which included merging data variables from the 2013 AFCARS foster care and 2010-2013 NCANDS child files for the 10 sample states only (Alabama, Florida, Hawaii, Iowa, Kansas, Nebraska, New Jersey, Pennsylvania, Wisconsin, Wyoming) based on the following criteria:

Child-/case-level data

- One record per child that was either in foster care on the 1st day of the fiscal year (October 1,2012), entered care during the fiscal year (October 1, 2012 –

September 30, 2013), exited care during the fiscal year, or in care on the last day of the fiscal year was included from the AFCARS foster care file.

- Each record in the 2013 AFCARS foster care file was matched against the NCANDS child file records (Record Number variable in AFCARS = AFCARS ID variable in NCANDS) of children receiving a substantiated or unsubstantiated maltreatment disposition at any time during the 2010-2013 fiscal years. Because the AFCARS data is only a census of children in foster care in 2013, the 2010-2013 range of child file records was included to capture any services provided to children who may have been in care up to 2 years prior. However, if a child had more than one child file record during 2010-2013, the most recent record was matched. Non-victims were also included to capture siblings of substantiated victims that were also placed in foster care, and thus would have a foster care file.
- All 2013 AFCARS foster care file variables (n = 104) were included for the 10 sample states only.
- Only "services" variables (n = 19) from the 2010-2013 NCANDS child files were included. For context and potential inclusion in analyses, seven additional child file variables were included in the final dataset (i.e., Report ID, Report Date, Disposition Date, Child's Age on Report Date, Indicator of Prior Maltreatment, Count of reports for each child back to 2002, and count of substantiated maltreatment reports for each child back to 2002).
- The NDACAN Data Manager also provided a summary of missing services data for each state. Given the large amount of missing data in the services variables, a new variable was created using the "count values within cases" function in SPSS

to capture the total number of reported services received (# of services received) for each case.

- The “state system type” and “safety and permanency outcome composite” variables were added to the final data file for analysis.

System-/state-level data

- Five additional state-level data variables were added to the dataset: i) 2013 median income, ii) 2013 poverty rate, iii) 2013 Income Inequality (GINI Index), iv) Child population, and v) number of children in poverty.

Disproportionality and disparity data

- Disproportionality indices (DIs) and disparity ratios (DRs) were calculated for each state and added to the state-level dataset. This was done by first running the frequencies, by race/ethnicity, for foster children (FC) at 6 different points: i) in care on the 1st day of FY2013, ii) children entering care during the FY, iii) children exiting care to positive permanency options during FY, iv) children exiting care due to emancipation during the FY, v) children exiting care due to aging-out during the FY, and vi) children in care on the last day of the FY.
- Frequency data was plugged into the following formulas to calculate in Microsoft Excel, the DIs and DRs for each state:

$$\text{DI} = \frac{\textit{the proportion of FC of a certain race at each point}}{\textit{the proportion of the same racial group in the child population}}$$

$$\text{DR} = \frac{\textit{the proportion of FC of one racial or ethnic group at each point}}{\textit{the proportion of FC of another racial/ethnic group at each point}}$$

Variable Coding

Tables 3.2 and 3.3 show a summary list of proposed study variables for analysis in this study [see Appendix A for a more comprehensive list of these variables with more precise operational definitions]. The main independent variable (IV) for research questions 1 – 4 will consist of 2 foster care system sub-groups. For research question 5, three predictor variables, each with 2 racial sub-groups of foster children, will be included in the analyses. To answer research question 6, predictor variables will consist of 5 child-level factors and 10 case-level factors; and the system sub-group type variable will be included to ascertain its influence on the relationships between the predictor and outcome variables. The dependent or outcome variables (DVs) will include 6 Child and Family Service Review (CFSR) safety and permanency outcome composite scores (research questions 1, 2, and 6), 2 visitation measures (research question 3), 10 child welfare fund expenditure measures (research question 4), and 6 foster care outcome indicators (research question 5).

Data Analysis Plan

The proposed analyses will consist of at least three parametric tests to answer the research questions. *Independent-samples T-test (t-test)* analyses will be performed for research questions 1-4. These analyses will individually test the relationship between one binary variable (privatized group/non-privatized group) and 18 continuous outcome variables. According to Rubin (2013), "the *t*-test is a parametric test of statistical significance that can be used to compare the mean differences between two groups on an interval- or ratio-level dependent variable" (p. 160). The *t*-tests will be performed on the state-level data with a sample size $N_1 =$ 10 states. To address research question 5, three *factorial analysis of variance (2-way ANOVA)* statistical test will be performed to compare mean differences of 6 continuous outcome variables

Table 3.2.

Summary List of Variables for Research Questions 1-5

Research Questions	Variables: Independent [variable name]	Variables: Dependent [variable name]
1. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated **safety outcomes**?	Groups [SYSType] 0 = Non-Privatized 1 = Privatized	1. Reduce recurrence of child abuse and/or neglect (CAN) within 6-month period • Safety Outcome 1 Composite: % without another substantiated/indicated CAN allegation [SOC1] 2. Reduce the incidence of maltreatment in care (MIC) during fiscal year • Safety Outcome 2 Composite: % of foster child non-victims of MIC [SOC2]
2. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated **permanency outcomes**?	Groups [SYSType] 0 = Non-Privatized 1 = Privatized	3. Increase positive permanency/Reduce negative permanency of children in foster care who exited during fiscal year • Permanency Outcome 1 Composite: Timeliness and Permanency of Reunification [PERM1Compsc] • Permanency Outcome 2 Composite: Timeliness of Adoptions [PERM2Compsc] • Permanency Outcome 3 Composite: Achieving permanency for children in care for long periods of time [PERM3Compsc] 4. Placement (PLC) Stability while in foster care • Permanency Outcome 4 Composite: Placement stability [PERM4Compsc]
3. Are there significant statewide differences between privatized and non-privatized foster care systems for **caseworker-child visits**?	Groups [SYSType] 0 = Non-Privatized 1 = Privatized	• % of children receiving monthly case manager visits [CMV] • % of children receiving monthly *in-home* case manager visits [IHCMV]

Research Questions	Variables Independent [variable name]	 Dependent [variable name]
4. Are there significant statewide differences between privatized and non-privatized foster care systems in **child welfare expenditures**?	Groups [SYSType] 0 = Non-Privatized 1 = Privatized	• Title IV-B Subpart 1 & 2 funds spent [TIVB] • Medicaid funds spent [MEDCD] • TANF funds spent [TANF] • Title IV-E Foster Care Program funds spent [TIVEFC] • Title IV-E Adoption Assistance Program funds spent [TIVEAA] • Title IV-E Guardianship Assistance Program funds spent [TIVEGA] • Title IV-E Chafee FC Independence Program/Education [TIVECHI] • Title IV-E Waiver funds spent [TIVEWV] • Other Federal Funds spent [TIVEOTH]
5. Are there significant statewide differences between privatized and non-privatized foster care systems in terms of specific outcome indicators for **disproportionally represented children of color**?	Racial Group 1 [WhBlck2] 0 = White 1 = Black Racial Group 2 [WhAIAN] 0 = White 1 = Am Ind/Ak Nat Racial Group 3 [BlckAIAN] 0 = Black 1 = Am Ind/Ak Nat	• Total # of Removals [TotalRem] • # of PLC setting in current FC episode [NumPlep] • Length (days) since latest removal date [LatRemLOS] • Length (days) in current PLC setting [SettingLOS] • Length (days of previous FC stay [PreviousLOS] • Total days stay in FC, all episodes [LifeLOS]

Table 3.3

Summary List of Variables for Research Question 6

Research Question	Variables: Independent [variable name]	Variables: Dependent [variable name]
6. How does **privatization** effect the relationships between selected child-, case-, and county/state-level factors and foster care systems meeting national safety and permanency standards?	• Child-Level factors ○ Age at most recent removal [AgeAtLatRem] ○ Gender [Sex] ○ Race/Ethnicity [RaceEthn] ○ Diagnosed Disability [ClinDis] ○ Mental Retardation [MR] ○ Visually or Hearing Impaired [VisHear] ○ Physically Disabled [PhyDis] ○ Emotionally Disturbed [DSMIII] ○ Other Diagnosed Condition [OtherMed] ○ Rural or Urban Residence • Case-Level factors ○ Primary Caretaker Family Structure [CtkFamSt] • System-Level Factor [SYSType]: Privatized vs. Non-Privatized	Safety Outcome 1 Composite: Recurrence of maltreatment
	• Child-Level factors & System-Level factor • Case-Level factors ○ Foster Family Structure [FosFamSt] ○ Current PLC Setting [CurPlSet] ○ Out of State PLC [PlaceOut]	Safety Outcome 2 Composite: Maltreatment in care (MIC)
	• Child-Level factors & System-Level factor • Case-Level factors ○ Length (months) since latest removal [LOSLatRem]	Permanency Outcome 1 Composite: Timeliness and permanency of reunification

Research Question	Variables	
	Independent [variable name]	Dependent [variable name]
	• Child-Level factors (above mentioned) • Case-Level factors o Length (months) since latest removal [LOSLatRem] o Waiting for Adoption [IsWaiting] o Parents relinquished parental rights [IsTPR]	Permanency Outcome 2 Composite: Timeliness of adoption
	• Child-Level factors (above mentioned) • Case-Level factors o Length (months) since latest removal [LOSLatRem] o Youth is No Longer eligible for FC [AgedOut] o Discharge Reason [DISREASN] o Waiting for Adoption [IsWaiting]	Permanency Outcome 3 Composite: Achieving permanency for children in foster care for long periods of time
	• Child-Level factors (above mentioned) • Case-Level factors o # of PLC settings in current FC episode [NumPLCSet] o Length (months) in current PLC setting [LOSPLCSet]	Permanency Outcome 4 Composite: Placement stability while in foster care

statistical test will be performed to compare mean differences of 6 continuous outcome variables and the effect two independent binary variables each have on the outcomes using child/case-level data (N_2 = 118,761). This test will allow the detection of a main effect of each independent variable on the outcome variables as well as any interaction effect between the independent variables on the outcomes (Ho, 2014; Rubin, 2013).

Finally, *logistic regression (LR)* analyses will be conducted to address research question 6 also using the large child/case-level dataset. These analyses will test the predictive value of various combinations of 23 independent variables on 6 binary outcome variables. As an alternative to multiple regression, which test the impact of a set of predictors on ratio/continuous-level outcomes, the *LR* statistical test allows for the same testing effect of either categorical or continuous predictor variables on nominal/categorical-level outcomes (Pallant, 2016; Rubin, 2013).

All variables are empirically supported in examining performance of child welfare systems (Children's Bureau, 2016c; Coles, 2015; U.S. Department of Health and Human Services, Administration of Children and Families, Administration on Children, Youth and Families, Children's Bureau, 2015). While 10 comparative states will be the unit of analyses (5 privatized and 5 non-privatized) for research questions 1-4, these states include a total of N_2 = 118,761 foster children, which is the unit of analysis for research questions 5 and 6. Given this large nationally representative sample of child welfare systems, this study will satisfy the rules of adequate statistical power and generalizability (Drake & Jonson-Reid, 2008).

Additionally, univariate analyses will be conducted to determine the frequencies and percentages for categorical variables; and means and standard deviations for the continuous variables. This will show the proportional split of the outcome variable responses, the extent of

missing data, and the distribution of continuous variables to detect normality (e.g., outliers, skewness, and kurtosis). Scatterplots of the DVs will also be run. Bivariate analyses will be conducted to ascertain significant correlations within IVs and between IVs and the DV. *Chi-square* test will be run to determine any significant differences between privatized and non-privatized systems among the categorical variables (e.g., age, gender, race, system type, region, and state type). A correlation analysis will also be conducted to detect any significant correlations (*r*'s) between the DVs and test assumptions.

Assumption criteria for the *t-test*, 2- way *ANOVA,* and *LR* analyses will be corroborated. The assumptions for *t-test* include: i) independence of observations, ii) normal distribution of the outcome variables, and iii) there is equality of variance between the binary variables (Pallant, 2016; Rubin, 2013). The *2-way ANOVA* assumptions include: i) normality of the outcome variables, ii) homogeneity of variance, and iii) independence of observations (Ho, 2014). According to Wright (1995), there are five assumptions that need to be minimally met for *logistic regression*: i) the IV (groups) must be dichotomous, ii) the DVs must be statistically independent, meaning there must be only one outcome recorded for each child/case in the sample, iii) there must be specificity of the model meaning all relevant predictors should be included and irrelevant predictors excluded, iv) the DV categories must be mutually exclusive and collectively exhaustive meaning "a case cannot be in more than one outcome category at a time, and every case must be a member of one of the categories under analysis" (p. 220), and v) the ratio of cases to predictor variables must be sufficient because the standard errors for maximum likelihood coefficients are large-sample estimates (a minimum of 50 cases per predictor variable).

Once a determination has been made that all assumptions have been met, all statistical analyses will be run [in SPSS]. For research questions 1-4, a null hypothesis test will be performed to determine if the performance outcome means for each system group are equal. The *2-way ANOVA* test statistic (*F*) will be calculated using Omnibus test Wilks' lambda (^) to determine the percent of variance in the DVs is explained/not explained by the differences in the IV groups; then a test of the between-subjects effects will be run to determine if the models are a significant fit. If the effect is significant, post-hoc univariate *ANOVA* analyses will be performed for each DV.

Conclusion

Taken together, this study is rigorously designed to offer additional insights into the effect current *privatization* has on child welfare outcomes and CFSR national standards, as well as draw a connection between *privatization* and issues of *disproportionality* and *disparity* for children of color in foster care. While no study findings can be exhaustively conclusive, this study is expected to reveal dynamic implications for policy and practice, further enhance the knowledge-base in this area, and allow for ideas for future research to emerge. Also, to obtain the restricted *NCANDS* child file, this study received final approval by the Institutional Review Board (IRB) at the University of Georgia on November 23, 2016.

CHAPTER 4

RESULTS AND DISCUSSION

The focus of this study was to explore differences in performance outcomes between privatized and non-privatized state foster care systems, and the extent differences specifically effect outcomes for disproportionately represented children of color. Various statistical analyses were conducted to: 1) compare states on descriptive measures, 2) compare states on national performance standards and foster care outcomes indicators, 3) compare specific foster care indicators for children of color by system type, and 4) predict the likelihood systems met national performance standards based on child/case-level factors and state system type. Both descriptive and inferential statistical tests were used to analyze these data.

Preliminary Data Analyses

Initially, univariate, correlational, and bivariate analyses were conducted on all variables to assess the completeness of the data, detect outliers, and test assumptions. In addition to comparing the performance outcomes of the 2 groups, other foster care outcome measures were initially considered and included in the univariate analyses. These included 2 state-level variables (% of children receiving a monthly case manager-child visits and % of children receiving monthly in-home case manager-child visits), and 4 case-level variables: i) counseling services provided, ii) mental health services provided, iii) educational services provided, and iv) monthly foster care payments ($).

The analyses revealed a high degree of missing values (over 20%) in the services provided variables. These data variables are included in the voluntary based NCANDS dataset,

and thus, missing values were a result of state omissions. For example, Pennsylvania, accounting for 19% of the sample, did not submit any services provided data. Therefore, these variables were excluded from subsequent analyses. Additionally, based on the boxplot results for the monthly foster care payments ($) variable, some extreme outliers were detected suggesting that the data may be unreliable, and thus, this variable was excluded as well. To confirm this suspicion, the AFCARS data codebook (2015) was referenced and stated, "as for the general reliability of the variable, the Children's Bureau has serious concerns about its accuracy for many states. Frequency distributions often have questionable results" (p. 80).

While there were no missing values for the state-level case manager-child visit data a correlational analysis revealed that the variables had a significant negative correlation ($r = -.66$, $n = 10$, $p < .05$). Thus, only the % of monthly case manager-child visit variable was retained for subsequent analyses. There were also additional correlations found during this preliminary analysis among the child welfare expenditures. Expenditures (i.e., TANF, Title IV-E Adoption Assistance, Title IV-E Guardianship, Title IV-E Chafee foster care independence, Title IV-E Waiver, Title IV-E Other, and the Social Services Black Grant) were positively correlated with the Title IV-B and Title IV-E Foster Care program expenditures, thus only the Title IV-B and Title IV-E expenditure variables, along with the Medicaid expenditure variable which had no significant correlations with the others, were retained for final analyses.

The univariate results for the remaining variables are displayed in Tables 4.1 – 4.7. To first provide more context to the analyses to follow, a descriptive snapshot of foster care, social, and economic demographics for each state system type is shown in Table 4.1, which are further broken down by states in each system type group in Tables 4.2 - 4.3, which should be read together. Based on these demographics overall, the two system groups are very similar in terms

of socio-demographics, general foster care and state social and economic indicators. This was not a surprised given the controlled-matched sampling technique used to select the relatively homogenous non-privatized states to compare with the privatized states.

Descriptive Analyses

However, taken together tables 4.4.1 and 4.4.2 reflect some selected differences in the way some funds are disbursed toward covering child welfare expenditures. Although, child welfare agencies use federal, state, and local funds to provide services to vulnerable children and their families, they have increasingly spent more state and local funds over federal (Rosinsky & Connelly, 2016). Of federal funding sources, however, Title IV-B and Title IV-E are dedicated specifically the child welfare activities, while others are more supplemental. Through Title IV-E funding, the federal government reimburses states for a set percentage of eligible costs related to providing child welfare services (i.e. foster care, adoption assistance, guardianship assistance, independence education and training, and waivers). Title IV-B program funds are a discretionary grant that is formula-based and can be awarded competitively to states. Additionally, health services for children eligible for foster care, adoption, or guardianship services are covered by federal and state governments sharing the costs through the Medicaid program (Rosinsky & Connelly, 2016).

As the expenditure tables show, privatized states spent significantly less Medicaid, Title IV-E foster care and guardianship program funds and spent more Title IV-E waiver and social service block grant funds. To explore differences in expenditures, additional statistical test were performed and results of any significance will be discussed later in this chapter.

Table 4.1

Snapshot of Foster Care, Social, and Economic Demographics by State System Type (N_1=10 states, N_2=118,761 cases)

Demographics	Privatized State Systems (*n* = 5)	Non-Privatized State Systems (*n* = 5)
Foster Care[a]		
Total Foster Care Population	63,797	54,913
Average Stay (days) in Foster Care	545	539
Average Age of child on Last day of FFY or at Child's Date of Exit	8	9
Child Sex		
Male	33,011	28,882
Female	30,793	26,062
Race and Ethnicity		
NH, White	31,549	25,318
NH, Black	16,617	17,996
NH, Am Ind AK Native	1,396	273
NH, Asian	451	253
NH, Hawaiian/Other Pac Islander	454	49
NH, More than 1 Race	4,337	2,237
Hispanic (any race)	8,401	7,176
Race/Ethnicity Unknown	602	1,652
Rural/Urban Residence		
Metro: > 1 million population	25,755	25,344
Metro: 250K to 1 million population	19,395	12,983
Metro: < 250K population	7,082	6,347
NonMetro: Urban > 20K pop; Adjacent	3,242	2,868
NonMetro: Urban >20K pop; Non-adjacent	2,105	1,427
NonMetro: Urban 2.5K to 20K; Adjacent	3,020	3,080
NonMetro: Urban 2.5 to 20K; Non-adjacent	1,791	2,109
Rural or < 2.5K population; Adjacent	756	457
Rural or < 2.5K population; Non-adjacent	661	339

Demographics	Privatized State Systems (n = 5)	Non-Privatized State Systems (n = 5)
State[b]		
Average Median Income	$53,587	$55,200
Average Income Inequality Rate (GINI Index)	0.455	0.457
General Population Poverty Rate (%)	14	14
Total Child Population	6,830,156	6,710,954
Number of children in Poverty	292,581	258,715

a. Data source for foster care demographics: Adoption and Foster Care Reporting Systems (AFCARS) Foster care file (Fiscal Year (10/1/2012 - 9/30/2013)
b. Data sources for state demographics: U.S. Census Bureau, American Community Survey statistics 2013

Table 4.2

Foster Care Demographics by State for FFY2013[a] (N_1=10 states, N_2=118,761 cases[b])

States	Child Population	In care on 1st Day of FY2013	Entered Care during FY2013	Exited Care during FY2013	In care on Last Day of FY2013	Gender		Average Age on last day of FY2013[c]		Average Stay (Days) in Foster Care	
						Male	Female	*M*	*SD*	*M*	*SD*
Privatized											
Florida	4,026,674	18,977	14,313	15,246	18,037	16,928	16,360	7	0.030	469.20	3.173
Hawaii	307,266	1,043	1,022	979	1,085	1,018	1,046	8	0.122	490.91	13.748
Kansas	724,092	5,882	3,963	3,404	6,441	5,011	4,834	9	0.057	553.03	6.013
Nebraska	464,348	5,056	2,697	3,167	4,586	4,200	3,553	10	0.068	613.82	6.545
Wisconsin	1,307,776	6,184	4,670	4,315	6,539	5,854	5,000	9	0.056	599.62	7.386
Totals/Averages	6,830,156	37,142	26,665	27,111	36,688	33,011	30,793	8	0.067	545.32	7.373
Non-Privatized											
Alabama	1,111,481	4,375	3,081	2,932	4,524	3,757	3,699	9	0.069	684.86	10.123
Iowa	724,032	6,070	4,500	4,229	6,341	5,850	4,710	9	0.058	508.59	5.823
New Jersey	2,022,117	6,682	5,400	5,136	6,946	6,185	5,897	7	0.051	538.43	6.085
Pennsylvania	2,715,645	13,167	9,789	8,686	14,270	12,055	10,901	10	0.042	586.22	4.823
Wyoming	137,679	885	1,005	909	981	1,035	855	10	0.130	374.73	10.784
Totals/Averages	6,710,954	31,179	23,775	21,892	33,062	28,882	26,062	9	0.070	538.57	7.528

a. Data Source: Adoption and Foster Care Analysis Reporting System (AFCARS), Foster Care File for federal Fiscal Year (FFY) 10/1/2012 - 9/30/2013.
b. N_2 includes number of children in care on 1st day of FY2013 and number of children entering care during FFY2013. Gender missing values n = 13.
c. Average age on last day of FFY2013 (9/30/2013) or on day child exited foster care

Table 4.3

State Economic Demographics in FFY2013 (N_1=10 states, N_2=118,761 cases)

States		Median Income ($)[a]	Income Inequality (GINI Index[a])	Poverty Rate (%)[a]	Child Poverty Rate (%)[b]	# of Children in Poverty
Privatized						
	Florida	$46,036	0.484	17	24	966,402
	Hawaii	$68,020	0.440	11	13	39,945
	Kansas	$50,972	0.459	14	19	137,577
	Nebraska	$51,440	0.445	13	18	83,583
	Wisconsin	$51,467	0.445	14	18	235,400
	Averages	$53,587	0.455	14	18	292,581
Non-Privatized						
	Alabama	$42,849	0.475	19	27	300,100
	Iowa	$52,229	0.443	13	16	115,845
	New Jersey	$70,165	0.480	11	17	343,760
	Pennsylvania	$52,007	0.470	14	19	515,973
	Wyoming	$58,752	0.418	11	13	17,898
	Averages	$55,200	0.457	14	18	258,715

a. Data Source: U.S. Census Bureau, American Community Survey Data for calendar year 2013
b. Annie E. Casey Foundation Kids Count Data Center

Table 4.4.1

Federal Child Welfare Expenditures by State for SYF2014[a] (N_1=10 states, N_2=118,761 cases)

States	$ Title IV-B, Subpart 1 & 2	Medicaid	TANF	Title IV-E Foster Care Program	Title IV-E Adoption Assistance Program	Title IV-E Guardianship Assistance Program
Privatized						
Florida	$33,814,412	$1,207,731	$163,667,640	$3,655,366	$99,223,139	$0
Hawaii	$1,793,054	$134,118	$0	$13,160,850	$13,242,719	$1,127,906
Kansas	$4,540,356	$224,834	$20,800,203	$21,188,163	$15,982,300	$0
Nebraska	$4,776,058	$0	$3,204,890	$27,447,097	$21,583,333	$378,928
Wisconsin	$9,529,288	$1,865,769	$4,611,953	$56,937,627	$48,796,076	$729,781
Averages	$10,890,634	$686,490	$38,456,937	$24,477,821	$39,765,513	$447,323
Non-Privatized						
Alabama	$11,086,469	$46,317,717	$15,065,243	$26,142,649	$10,552,420	$396,447
Iowa	$6,182,749	$0	$51,631,259	$19,535,193	$36,616,581	$16,328
New Jersey	$10,131,150	$111,644,831	$12,340,000	$96,946,379	$59,433,821	$1,243,777
Pennsylvania	$18,575,778	$1,041,505	$58,450,772	$122,290,016	$89,812,117	$7,479,911
Wyoming	$517,683	$0	$14,935,077	$1,353,617	$160,456	$0
Averages	$9,298,766	$31,800,811	$30,484,470	$53,253,571	$39,315,079	$1,827,293

a. Data source: Child Trends Child Welfare Financing for state fiscal year (SFY) 2014 Report. Zero amounts may indicate that funding sources other than federal (i.e., state and local) were expended for these programs.

Table 4.4.2

Federal Child Welfare Expenditures by State for SYF2014[a] (N_1=10 states, N_2=118,761 cases)

States		Title IV-E Chafee FC Independence Program	Title IV-E Waiver	Other Federal Funding	Social Services Block Grant
Privatized					
	Florida	$8,313,882	$172,800,000	$14,505,723	$75,219,438
	Hawaii	$766,550	$0	$989,210	$13,535,883
	Kansas	$1,680,172	$0	$5,333,514	$19,108,943
	Nebraska	$1,754,982	$0	$807,860	$9,892,977
	Wisconsin	$2,618,031	$2,000,000	$10,660,766	$10,325,271
	Averages	$3,026,723	$34,960,000	$6,459,415	$25,616,502
Non-Privatized					
	Alabama	$2,982,291	$0	$2,755,486	$19,237,260
	Iowa	$1,847,351	$0	$4,945,992	$15,980,082
	New Jersey	$2,970,888	$0	$17,481,526	$28,520,486
	Pennsylvania	$5,992,941	$23,900,000	$27,738,436	$12,021,000
	Wyoming	$30,559	$0	$216,865	$2,448,064
	Averages	$2,764,806	$4,780,000	$10,627,661	$15,641,378

a. Data source: Child Trends Child Welfare Financing SFY2014 Report. Zero amounts for Title IV-E Waiver indicates states that did not apply for or had not yet received an approved waiver as of state SFY2014.

The next 4 tables explore differences in racial composition in the system groups. Tables 4.5.1 and 4.5.2 show general and foster care population data, while Tables 4.6.1 and 4.6.2 show the extent to which disproportionality and disparity exist for some children in foster care, as compared to others. The disproportionality index (DI) is calculated by dividing the proportion of foster children of a certain race by the proportion of the same racial group in the child population. The disparity ratio (DR) is calculated by dividing the DI of one racial group by the DI of another racial group.

Thus, tables 4.6.1 and 4.6.2 as a set, support the extant child welfare literature and census data that indicates the majority of children in the general and foster care populations are white, but for children of color, particularly African American and American Indian/Alaskan Natives, they are both disproportionately represented in foster care compared to their percentage of the general child population. The disparity ratios in Table 4.6.1 also reveal that these foster children of color experience worse outcomes compared to their white counterparts which will also be further explored statistically and discussed later in this chapter. Indeed, as higher DIs and DRs reveal, African American children have fared slightly better in privatized states and American Indian/Alaskan Native fare better in non-privatized states.

Table 4.5.1

State Racial Composition for General and Foster Care Population for FFY2013[a] (N_1=10 states, N_2=118,761 cases)

	White		Black		American Indian/Alaskan Native	
States	Child Population (%)	Foster Care Population[1] (%)	Child Population (%)	Foster Care Population[1] (%)	Child Population (%)	Foster Care Population[1] (%)
Privatized						
Florida	44	47	20	32	0.2	0.3
Hawaii	14	11	2	2	0.2	0.4
Kansas	68	66	6	14	0.8	0.9
Nebraska	71	52	6	17	1.1	10.1
Wisconsin	72	43	9	33	1.1	5.1
Averages	54	44	9	19	1	3
Non-Privatized						
Alabama	59	50	30	37	0.5	0.0
Iowa	80	64	4	13	0.3	1.8
New Jersey	49	29	14	42	0.2	0.0
Pennsylvania	70	39	13	42	0.1	0.2
Wyoming	78	76	1	3	3.0	1.5
Averages	67	52	12	27	1	1

a. Foster care population on the last day of the FFY2013 from AFCARS foster care file

Table 4.5.2

State Racial Composition for General and Foster Care Population for FFY2013[a] (N_1= 10 states, N_2 = 118,761 cases)

	Hispanics/Latinos (any race)		Asians		Hawaiian/Other Pacific Islanders	
States	Child Population (%)	Foster Care Population[1] (%)	Child Population (%)	Foster Care Population[1] (%)	Child Population (%)	Foster Care Population[1] (%)
Privatized						
Florida	29	15	3	0.1	0.1	0.0
Hawaii	17	3	26	8.7	12.9	18.5
Kansas	18	12	3	0.5	0.1	0.0
Nebraska	16	13	2	0.5	0.2	0.0
Wisconsin	11	11	3	0.9	0.1	0.1
Averages	18	11	7	2	3	4
Non-Privatized						
Alabama	7	5	1	0.0	0.2	0.0
Iowa	10	10	2	0.8	0.1	0.4
New Jersey	24	20	10	0.3	0.1	0.0
Pennsylvania	11	13	3	0.3	0.1	0.0
Wyoming	14	16	0.8	0.2	0.1	0.0
Averages	13	13	3	0	0	0

a. Foster care population on the last day of the FFY2013 (9/30/2013) from the AFCARS foster care file

Table 4.6.1

Disproportionality Indices[a] and Disparity Ratios[b] for Foster Children in Care on the Last Day of FFY2013[c]

(N_1=10 states, N_2=118,761 cases)

	Black		American Indian/Alaskan Native		Hawaiian/Other Pacific Islander	
States	Disproportionality Index	Disparity Ratio	Disproportionality Index	Disparity Ratio	Disproportionality Index	Disparity Ratio
Privatized						
Florida	1.6	1.5	1.5	1.4	0.0	0.0
Hawaii	0.8	0.9	2.0	2.4	1.4	1.8
Kansas	2.1	2.2	1.1	1.2	0.0	0.0
Nebraska	3.0	4.1	9.2	12.6	0.0	0.0
Wisconsin	3.8	6.4	4.6	7.8	1.0	1.7
Averages	2.3	3.0	3.7	5.1	0.5	0.7
Non-Privatized						
Alabama	1.2	1.5	.	0.0	0.0	0.0
Iowa	2.9	3.6	6.0	7.5	4.0	5.0
New Jersey	3.0	5.2	0.0	0.0	0.0	0.0
Pennsylvania	3.3	5.8	2.0	3.5	0.0	0.0
Wyoming	2.8	2.9	0.5	0.5	0.0	0.0
Averages	2.6	3.8	2.1	2.3	0.8	1.0

a. Disproportionality Index (DI) = % of foster care population for a specific race ÷ % of total child population for the same specific race
b. Disparity Ratio (DR) = DI for a specific minority population in foster care ÷ DI for the majority population in foster care. White children are considered the majority in the general and foster care populations.
c. DIs and DRs were calculated from population variables in the 2013 AFCARS foster care file

Table 4.6.2

State Disproportionality Index[a] and Disparity Ratios[b] for Foster Children in Care on the Last Day of FFY2013[c]

(N_1= 10 states, N_2 = 118,761 cases)

	White		Hispanic/Latino (any race)		Asian	
States	Disproportionality Index	Disparity Ratio	Disproportionality Index	Disparity Ratio	Disproportionality Index	Disparity Ratio
Privatized						
Florida	1.1	0.0	0.5	0.5	0.0	0.0
Hawaii	0.8	0.0	0.2	0.2	0.3	0.4
Kansas	1.0	0.0	0.7	0.7	0.2	0.2
Nebraska	0.7	0.0	0.8	1.1	0.2	0.3
Wisconsin	0.6	0.0	1.0	1.6	0.3	0.4
Averages	0.8	0.0	0.6	0.8	0.2	0.3
Non-Privatized						
Alabama	0.8	0.0	0.8	0.9	0.0	0.0
Iowa	0.8	0.0	1.1	1.3	0.4	0.5
New Jersey	0.6	0.0	0.8	1.4	0.0	0.1
Pennsylvania	0.6	0.0	1.2	2.2	0.1	0.2
Wyoming	1.0	0.0	1.1	1.2	0.3	0.3
Averages	0.8	0.0	1.0	1.4	0.2	0.2

a. Disproportionality Index (DI) = % of foster care population for a specific race ÷ % of total child population for the same specific race
b. Disparity Ratio (DR) = DI for a specific minority population in foster care ÷ DI for the majority population in foster care. White children are considered the majority in the general and foster care populations.
c. DIs and DRs were calculated from population variables in the 2013 AFCARS foster care file

Comparative Analyses

Given the particular focus of this study, to compare state systems on child welfare performance outcome measures, Table 4.7 highlights the national CFSR outcome composite scores and case manager-child visitation data for each state and averages for each system type. According to current national standards, both system groups met all standards except two. The average score for the privatized group on safety outcome 2 [the percent of children not victims of maltreatment while in foster care] was 99.59%, compared to the national standard of 99.68% or higher. Both privatized and non-privatized groups missed the 122.6 or higher national standard for permanency outcome 1 [timeliness and permanency of reunification], with average scores of 117.4 and 112.7, respectively; and the non-privatized group missed permanency outcome 4 [placement stability] with an average score of 99.8 compared to the standard of 101.5 or higher.

To determine if differences on performance outcomes, representation and treatment of foster children in care, and expenditures between the privatized and non-privatized groups were statistically significant, a series of tests were performed. Given the small sample size ($N_1 = 10$ states), both parametric (i.e., *t*-test, linear regression, and poisson regression), and non-parametric (Mann-Whitney U) tests were performed separately for each of the outcome composite, visitation, disproportionality index, disparity ratio, and expenditure variables, to analyze their relationship with the system groups. It is important to note here that since Tables 4.6.1 and 4.6.2 revealed predominate disproportionality and disparity for African American and American Indian/Alaskan Native children, these were the only two populations included in the comparative analyses.

The preliminary *t*-tests and Mann-Whitney U test found no significant statistical differences between the system groups for all variables. Thus, a decision was made to further

test the predictive value these the independent group variable had on the outcome variables (Orion Mowbray. Personal communication, 3/25/2017). Given that some of the outcome variables are numerical count data (i.e., expenditure variables), poisson regression was recommended as a better statistical test than linear regression, because count response data often violate the assumptions of linear regression (Grace-Martin, 2010). Thus, these violations could result in "…biased estimates of effect, which lead to incorrect measures of association; and incorrect standard errors of the estimates, which lead to incorrect *p*-values and confidence intervals" (Gagnon, Doron-LaMarca, Bell, O'Farrell, & Taft, 2008, p. 448).

Therefore, a simple linear regression was calculated to predict if a state system would more likely be privatized vs. non-privatized based on performance outcome composite scores, percentage of case manager-child visits, and racial disproportionality and disparity measures. As shown in Table 4.8, the regression equations were not significant, meaning these variables are not significant predictors of state system type. However, for the child welfare expenditure variables, which were considered count data, a poisson regression was calculated for each variable to predict system type. Also shown in Table 4.8, the regression equations were found to be significant, which means these child welfare expenditure variables are significant predictors of system type. The negative beta values reflected the differences in averages shown earlier in Tables 4.4.1 and 4.4.2. Privatized states spent significantly less of Medicaid and Title IV-E funds than non-privatized states, while taking more advantage of funding sources (i.e., Title IV-E Waiver, and Social Services Block Grant), that allow greater flexibility for states (Rosinsky & Connelly, 2016).

Table 4.7

National Child and Family Service Review (CFSR) Outcome Composite Scores by State FFY2013[a] (N_1=10 states, N_2=118,761 cases)

States	Safety Outcome 1[b] Composite	Safety Outcome 2[c] Composite	Permanency Outcome 1[d] Composite	Permanency Outcome 2[e] Composite	Permanency Outcome 3[f] Composite	Permanency Outcome 4[g] Composite	Monthly Case Manager Visits[h]	Monthly Case Manager In-home Visits[i]
Privatized								
Florida	94.10%	99.02%	110.4	169.9	144.2	98.6	98%	98%
Hawaii	98.90%	99.66%	134.6	138.4	130.0	108.8	82%	69%
Kansas	97.10%	99.71%	123.9	104.0	129.6	96.8	95%	82%
Nebraska	93.80%	99.64%	112.0	130.9	159.8	100.9	94%	91%
Wisconsin	96.00%	99.93%	105.9	134.1	136.9	104.2	97%	89%
Averages	95.98%	99.59%	117.4	135.5	140.1	101.9	93%	86%
Non-Privatized								
Alabama	98.30%	99.91%	122.3	105.0	118.9	88.5	97%	98%
Iowa	92.00%	99.65%	113.5	154.5	138.7	94.4	76%	70%
New Jersey	94.20%	99.66%	115.1	129.2	144.5	108.6	98%	96%
Pennsylvania	98.10%	99.89%	87.2	145.4	153.0	104.5	97%	98%
Wyoming	99.20%	100.00%	125.3	153.9	147.5	102.9	98%	68%
Averages	96.36%	99.82%	112.7	137.6	140.5	99.8	93%	86%

a. Data source: Child Welfare Outcomes 2010-2013: Report to Congress
b. Safety Outcome 1: % of children without a recurrence of maltreatment within 6 months of a previous substantiated maltreatment allegation [National standard: 94.6 or higher]
c. Safety Outcome 2: % of children not victims of a substantiated or indicated maltreatment by a foster parent or facility staff member [National standard: 99.68 or higher]

d. Permanency Outcome 1: Timeliness and permanency of reunification [National standard: 122.6 or higher]
e. Permanency Outcome 2: Timeliness of adoption [National standard: 106.4 or higher]
f. Permanency Outcome 3: Achieving permanency for children in foster care for long periods of time [National standard: 121.7 or higher]
g. Permanency Outcome 4: Placement stability [National standard: 101.5 or higher]
h & i. Refers to visits the case manager had with the foster child in the foster placement setting or another setting (i.e., school, court, etc.)
National standard: 90% or higher for case manager visits; 50% or higher of case manager visits must take place in the home]

The spending patterns of the privatized states could possibly be explained by pro-privatized arguments which are often coupled with arguments promoting state rights. Since, waiver and block grant funds are set amounts given to states minus restrictive federal regulations, states have more flexibility and control over how these funds are spent; and have utilized more state and local funding sources augmented by waiver and block grant funds to administer child welfare services than federal funds (Rosinsky & Connelly, 2016).

Nevertheless, the working hypothesis of this study was that, contrary to the advocating arguments for privatization, states that have fully privatized the case mangement functions of their child welfare systems perform no better on specific safety and permanency outcomes, than do non-privatized systems. These non-significant statistical results lend support to this working hypothesis which is grounded in the extant literature that also found no improvement in, and in some cases a weakening of, effectiveness and efficiency as a result of market-based privatization policy implementation (Coles, 2015). Also, regarding the expenditures, the balance in direction between the two system types of the significant results suggest that privatized systems engage more in cost-shifting than savings, as also advocated by proponents of privatization. At the very least, the totality of these results cannot show that any cost-savings that do exists from privatizing, have yielded improved performance by national standards or outcomes for children in the foster care system.

Table 4.8

Comparison of State Performance Outcomes and Child Welfare Expenditures (N_1=10 states, N_2=118,761 cases)

	Linear Regression	Poisson Regression
State System Types: Non-Privatized vs. Privatized	*t**	*β**
Performance Outcomes		
Safety Outcome Composite 1[a]	-0.23	
Safety Outcome Composite 2[b]	-1.37	
Permanency Outcome Composite 1[c]	0.55	
Permanency Outcome Composite 2[d]	-0.15	
Permanency Outcome Composite 3[e]	-0.05	
Permanency Outcome Composite 4[f]	0.49	
Monthly Case Manager Visits[g]	0.00	
Monthly In-home Case Manager Visits[h]	-0.02	
Disproportionality Index: Black[i]	-0.62	
Disparity Ratio: Black[j]	-0.61	
Disproportionality Index: American Indian/Alaskan Native	1.06	
Disparity Ratio: American Indian/Alaskan Native	1.04	
Child Welfare Expenditures[k]		
Title IV-B Subpart 1 & 2		-0.16**
Medicaid		3.84**
TANF		-0.23**
Title IV-E Foster Care		0.78**
Title IV-E Adoption Assistance		-0.01**
Title IV-E Guardianship Assistance		1.41**
Title IV-E Chafee FC Independence		-0.09**
Title IV-E Waiver		-1.990**
Title IV-E Other Federal Funds		0.50**
Social Services Block Grant		-0.49**

Note. *p < .05, **p < .001

a. Safety Outcome 1: % of children without a recurrence of maltreatment within 6 months of a previous substantiated maltreatment allegation
b. Safety Outcome 2: % of children not victims of a substantiated or indicated maltreatment by a foster parent or facility staff member
c. Permanency Outcome 1: Timeliness and permanency of reunification
d. Permanency Outcome 2: Timeliness of adoption
e. Permanency Outcome 3: Achieving permanency for children in foster care for long periods of time
f. Permanency Outcome 4: Placement stability
g & h. Refers to case manager visits with the foster child in the foster placement setting or another setting (i.e., school, court, etc.)
k. Refers to expenditures from federal funding sources only.

Factorial Analysis of Variance

As the previous analyses found no significant differences between the system groups on national performance outcome, vistation, and disproportionality/disparity measures, the impact the state system type may have on overrepresented foster children of color, in terms of more specific outcomes, remained a question. Consequently, additional comparison analyses were performed to determine if the state system type [privatized vs. non-privatized] had any influence on outcomes for overrepresented foster children of color [Black and American Indian/Alaskan Native], versus their white counterparts. The selected outcome variables are grounded in the extant literature, and are indicators included in national performance outcome composites and standards (Children's Bureau, 2016b, 2016c; Coles, 2015).

Table 4.9 shows the preliminary descriptive statistics for the 6 outcome variables by the compared racial and system type groups. Therefore, a 2 x 2 between-subjects factorial ANOVA was computed comparing each outcome variable for children placed in a non-privatized or privatized foster care system and who were White or Black, White or American Indian/Alaskan Native, and Black and American Indian/Alaskan Native [each within-group configuration]. Table 4.10 shows the results of these analyses that indicate the statistical significance of all models tested, overall. These analyses also found significant main effects for state system type and the racial groups on all but 2 of the outcome variables [length of stay (days) in previous foster care episode and total days stay in foster care, all episodes]. It is important to note here however, that the non-signifant findings for these two outcome variables could be the result of issues with missing data which can skew estimates (Pallant, 2016). Missingness was 83.2% for the length of stay (days) in previous foster care episode variable and 6% in the total days stay in foster care (all episodes) variable. Also, the length of stay since latest removal and total days

stay in foster care variables were highly correlated (*r* = .940, p < .001). Therefore, the length of stay in previous episode and total days stay in all foster care episodes will not be analyzed further.

Nevertheless, for all other outcome variables, these ANOVA results found significant main effects by race and by system type individually and by their interaction, which suggests that the effect of state system type was influenced by the race of the foster child. Regardless of system type, Black children experienced significantly more removals from their homes ($F(3) = 95.15$, $p < .001$), more placement settings ($F(3) = 71.81$, $p > .001$), longer stays in care overall ($F(3) = 10.35$, $p < .001$), and in their current placement settings ($F(3) = 122.20$, $p < .001$), than their White counterparts; but Black children fared significantly better on these indicators in privatized systems, except for the number of placement settings. These children had an average of 3.47 placement settings in privatized systems versus 2.74 in non-privatized systems.

For American Indian/Alaskan Native children, they had significantly more removals from their homes than both White and Black children in privatized systems ($F(3) = 4.81$, $p < .05$) and ($F(3) = 12.36$, $p < .001$), respectively. They also had longer stays in their current placement settings than both White and Black children in privatized systems ($F(3) = 26.81$ and 37.09, $p < .001$). However, American Indian/Alaskan Native children only had more placement settings than their White counterparts ($F(3) = 6.00$, $p < .05$) in privatized systems.

There is however, two additional points to consider regarding what the actual length of stay in the current placement setting variable could indicate: i) that the child is in this placement setting longer because they are in foster care longer, and ii) that they are in this placement setting longer because they have fewer placement disruptions. While the former indication implies a worse permanency outcome for children in terms of timeliness to reunification, adoption, or

another positive permanency option, the latter implies that children maintain some stability in placement while in care. In other words, children continuing to linger in foster care is not an optimal outcome, but for as long as they have to be in care, placement instability (i.e., experiencing placement disruptions causing placements in multiple foster homes or facilities) can exacerbate negative effects on child well-being (Whitelaw-Downs et al., 2004).

In summary, these results support the extent of disparity highlighted in Table 4.6.1 for both Black and American Indian/Alaskan Native children, but indicate that for some outcomes both groups may fare better in privatized versus non-privatized states. However, one consideration that may explain the marginally better results for Black children in privatized systems, is that they are less populated in these states, than in non-privatized states (see Table 4.5.1). Therefore, privatized state systems may have more opportunities to produce better outcomes for Black children simply because they serve fewer of them than do non-privatized systems. Overall, these findings warrant an even deeper examination into the extent race coupled with system type may influence the impact child/case-level factors have on the likelihood state systems meet national CFSR performance outcome standards.

Regression Analyses

Thus, to explore the influence of the two system types on state child welfare performance outcomes, a series of logistic regression analyses were conducted to examine models of child/case-level factors on meeting 2 safety outcomes and 4 permanency outcomes. Tables 4.11 and 4.12 display the bivariate results for all the selected independent variables included in these analyses. Chi-square tests of independence analyses were calculated comparing the frequencies for each variable in non-privatized and privatized system groups and found significant

Table 4.9

Descriptive Statistics by Race and System Type for Foster Care Indicators (N_1=10 states, N_2=118,761 cases)

Groups and Independent Variables	Non-Privatized			Privatized		
	N	*M*	*SD*	*N*	*M*	*SD*
Non-Hispanic White						
Total # of Removals from home[a]	25,316	1.29	0.70	31,507	1.28	0.60
# of Placement settings in current FC episode	25,151	2.40	2.47	31,485	2.68	4.00
Length (days) in foster care since latest removal date	25,309	524.78	642.81	31,544	492.60	547.30
Length (days) in current episode foster care setting	25,174	273.11	375.15	31,506	275.18	330.88
Length of stay (days) in previous foster care episode	4,014	324.00	441.27	5,283	399.61	371.68
Total days stay in foster care, all episodes	23,921	577.67	678.50	29,958	561.81	598.54
Non-Hispanic Black						
Total Number of Removals	17,993	1.43	0.93	16,604	1.32	0.64
Number of Placement settings in current FC episode	17,839	2.74	2.98	16,576	3.47	5.59
Length (days) in foster care since latest removal date	17,965	666.47	848.42	16,611	604.20	772.89
Length (days) in current episode foster care setting	17,891	353.50	492.66	16,596	296.69	384.34
Length of stay (days) in previous foster care episode	3,287	407.58	562.25	3,072	482.10	518.84
Total days stay in foster care, all episodes	16,339	761.72	924.78	15,594	697.47	841.11
Non-Hispanic American Indian/Alaskan Native						
Total Number of Removals	273	1.35	0.67	1,391	1.43	0.78
Number of Placement settings in current FC episode	270	2.61	2.49	1,391	2.61	3.02
Length (days) in foster care since latest removal date	273	525.48	689.92	1,396	559.59	661.61
Length (days) in current episode foster care setting	270	184.60	322.35	1,393	309.13	416.06
Length of stay (days) in previous foster care episode	56	376.18	656.82	312	410.17	439.29
Total days stay in foster care, all episodes	256	617.13	785.92	1,278	667.38	721.02

a. Total # of removals from home with primary caregiver and placed in foster care

Table 4.10

Factorial ANOVA by Race and System Type for Foster Care Indicators (N_1 =10 states, N_2=118,761 cases)

Variables	Overall Model[a]	System Type * Race[b]
	*F(df)**	*F(df)**
Non-Hispanic (NH) White vs. NH Black Foster Children		
Total Number of Removals	201.41**	95.15**
Number of Placement settings in current FC episode	265.94**	71.81**
Length of stay (days) in foster care since latest removal date	291.70**	10.35*
Length of stay (days) in current episode placement setting	188.71**	122.20**
Length of stay (days) in previous foster care episode	68.03**	0.01
Total days stay in foster care, all episodes	342.14**	21.42**
NH White vs. NH American Indian/AK Native		
Total Number of Removals	25.41**	4.81*
Number of Placement settings in current FC episode	32.32**	1.50
Length of stay (days) in foster care since latest removal date	17.40**	2.80
Length of stay (days) in current episode placement setting	10.48**	26.81**
Length of stay (days) in previous foster care episode	27.47**	0.49
Total days stay in foster care, all episodes	13.10**	2.25
NH Black vs. NH American Indian/AK Native		
Total Number of Removals	57.19**	12.36**
Number of Placement settings in current FC episode	85.34**	6.00*
Length of stay (days) in foster care since latest removal date	22.83**	3.17
Length of stay (days) in current episode placement setting	57.14**	37.09**
Length of stay (days) in previous foster care episode	10.80**	0.26
Total days stay in foster care, all episodes	17.67**	3.53

Note. $*p < .05$, $**p < .001$
a. Overall Model: $df = 3$
b. System Type * Race: $df = 1$

interactions between all the selected child/case-level factors and system type. Tables 4.13 – 4.18 highlight the logistic regression results for each of the 6 CFSR outcome composites.

Additionally, it is important to note that all models include the same child-level factors (i.e., age, sex, race, disability, and rural/urban residence). However, the selected case-level factors included in each regression varied based on how germane they were to the specific outcome being tested. Furthermore, the order of how variables were entered into the equation was child-level factors first, then case-level factors, and then the system type variable was entered last.

Hence, to test the influence of system type on the relationship of the child/case-level factors and meeting the safety outcome 1 composite which measures the extent to which children experience recurring maltreatment, only the principle caretaker family structure case-level factor was included in this analysis. Table 4.13 shows that the test of the overall model was significant indicating that the selected predictors as a set reliably distinguished between a system not meeting or meeting the national safety 1 standard; and found that non-privatized systems were .41 times more likely to meet the outcome than privatized systems. The mean differences of the groups shown in Table 4.7 also reflect this finding. All predictors, except American Indian/Alaskan Natives and children who are visually or hearing impaired, made significant contributions to the model.

Table 4.11

Bivariate Table for Child-Level Independent Variables (N_1=10 states, N_2=118,761 cases)

Independent Variables	Non-Privatized	Privatized	$\chi^2(df)$*
Age at last removal			1,145.41 (3)**
0-4 years	21,838	28,163	
5-9 years	11,237	15,115	
10-14 years	11,779	12,983	
15-18 years	10,100	7,546	
Child Sex			8.11 (1)*
Male	28,882	33,011	
Female	26,062	30,793	
Race and Ethnicity			2,485.24 (7)**
NH, White	25,318	31,549	
NH, Black	17,996	16,617	
NH, American Indian/Alaskan Native	273	1,396	
NH, Asian	253	451	
NH, Hawaiian or Other Pacific Islander	49	454	
NH, More than 1 Race	2,237	4,337	
Hispanic (any race)	7,176	8,401	
Race/Ethnicity Unknown	1,652	602	
Diagnosed Disability	9,081	11,505	3,433.08 (2)**
Mental Retardation	943	776	49.17 (1)**
Visually or Hearing Impaired	278	357	1.88 (1)
Physically Disabled	508	656	3.82 (1)*
Emotionally Disturbed	5,483	7,918	188.56 (1)**
Other Diagnosed Condition	3,256	4,897	150.98 (1)**
Rural/Urban Residence			1,016 (8)**
Metro: > 1 million population	25,344	25,755	
Metro: 250K to 1 million population	12,983	19,395	
Metro: < 250K population	6,347	7,082	
NonMetro: Urban > 20K pop; Adjacent	2,868	3,242	
NonMetro: Urban >20K pop; Non-adjacent	1,427	2,105	
NonMetro: Urban 2.5K to 20K; Adjacent	3,080	3,020	
NonMetro: Urban 2.5 to 20K; Non-adjacent	2,109	1,791	
Rural or < 2.5K population; Adjacent	457	756	
Rural or < 2.5K population; Non-adjacent	339	661	

Note. *$p < .05$, **$p < .001$

Table 4.12

Bivariate Table for Case-Level Independent Variables (N_1= 10 states, N_2 = 118,761 cases)

Independent Variables	Non-Privatized	Privatized	$\chi^2(df)$*
Principal Caretaker Family Structure			7,831.82 (4)**
Married Couple	10,306	10,122	
Unmarried Couple	8,065	10,932	
Single Female	24,054	36,651	
Single Male	3,021	4,230	
Unable to determine	8,904	1,516	
Foster Family Structure			1,909.61 (4)**
Not applicable	16,461	12,823	
Married couple	19,723	27,208	
Unmarried couple	1,924	2,447	
Single female	13,534	18,843	
Single male	1,142	2,116	
Current Placement Setting			4,316.82 (7)**
Pre-adoptive home	2,452	5,812	
Foster home, relative	13,154	23,203	
Foster home, non-relative	22,737	22,070	
Group home	4,878	4,327	
Institution	4,399	2,559	
Supervised independent living	822	346	
Other	6,387	5,472	
Out of State Placement	910	1,849	200.41 (1)**
Length of Stay in Current PLC			448.22 (4)**
6 months or less	28,962	32,269	
6.1 - 12 months	10,742	14,886	
12.1 to 18 months	5,985	7,696	
18.1 to 24 months	3,414	3,940	
24.1+ months	5,557	4,925	
# of PLC Settings in current FC episode			193.58 (2)**
2 or less PLC settings	38,306	44,987	
3 to 5 PLC settings	11,869	12,359	
6+ PLC settings	4,381	6,305	
Child is waiting for adoption	6,481	7,320	2.97 (1)
Parents relinquished parental rights	7,980	11,767	327.33 (1)**
Discharge Reason			8,735.40 (8)**
Reunified	11,829	14,571	
Living w/other relative(s)	2,040	167	
Adoption	4,350	5,723	
Emancipation/Aged-out	2,034	2,130	
Guardianship	1,109	5,119	

Independent Variables	Non-Privatized	Privatized	$\chi^2(df)$*
Length of stay since latest removal			330.28 (4)**
6 months or less	16,938	18,421	
6.1 - 12 months	10,804	14,718	
12.1 to 18 months	8,075	10,094	
18.1 to 24 months	5,608	6,731	
24.1+ months	13,481	13,826	

Note. *$p < .05$, **$p < .001$

Table 4.13

Logistic Regression Model for Safety Outcome 1 Composite[a] *(N_1=10 states, N_2=118,761 cases)*

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS (Reference)			
Age at last removal	1.01	1.02	1.02**
Child Sex (Male)	1.04	1.09	1.06**
Race and Ethnicity			
NH, White is the reference	1.06	1.13	1.09**
NH, Black	1.06	1.13	1.09**
NH, American Indian/Alaskan Native	0.82	1.04	0.92
NH, Asian	2.38	3.38	2.84**
NH, Hawaiian/Other Pacific Islander	11.92	21.30	15.94**
NH, More than 1 Race	1.97	2.21	2.08**
Hispanic (any race)	0.78	0.85	0.82**
Race/Ethnicity Unknown	0.25	0.32	0.28**
Diagnosed Disability	0.44	0.52	0.48**
Mental Retardation	1.53	1.94	1.72**
Visually or Hearing Impaired	0.73	1.04	0.87
Physically Disabled	1.51	1.98	1.73**
Emotionally Disturbed	1.45	1.71	1.58**
Other Diagnosed Condition	0.67	0.78	0.72**
Rural/Urban Residence (Metro > 1 mill)			
Metro: 250K to 1 million population	1.11	1.19	1.15**
Metro: < 250K population	2.87	3.13	2.99**
NonMetro: Urban > 20K pop; Adjacent	4.49	5.10	4.79**
NonMetro: Urban >20K pop; Non-adjacent	2.34	2.73	2.53**
NonMetro: Urban 2.5K to 20K; Adjacent	2.54	2.87	2.70**
NonMetro: Urban 2.5 to 20K; Non-adjacent	2.38	2.76	2.56**
Rural or < 2.5K population; Adjacent	1.68	2.22	1.93**
Rural or < 2.5K population; Non-adjacent	1.96	2.60	2.26**
CASE-LEVEL PREDICTORS			
Principal Caretaker Family Structure			
Married Couple	0.58	0.64	0.617*
Unmarried Couple	0.56	0.60	0.58**
Single Female	0.52	0.58	0.55**
Single Male	0.48	0.54	0.51**

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	0.40	0.42	0.41**

Note. *$p < .05$, **$p < .001$
a. Safety Outcome 1 Composite: Of all children who were victims of a substantiated or indicated maltreatment allegation during the first 6 months of FFY, what % were not victims of another substantiated or indicated maltreatment allegation within the 6 months following that maltreatment incident?

The safety outcome 2 composite measures [in Table 4.14] the extent to which existing foster children experience maltreatment by either a foster parent or a staff member at a child caring institution/facility. There were 3 case-level factors included in this model: i) foster family structure, ii) current placement setting, and iii) if the child was placed out of state. Table 4.14 shows that the logistic regression calculation found this overall model to be significant indicating that the predictors as a set reliably distinguished between a system meeting or not the national safety 2 outcome standard. These results found that non-privatized systems were 6.79 times more likely to meet the outcome than privatized systems. Further, age, the child being White, visually/hearing impaired, and living in a metro area (250K to 1 million population) did not make significant contributions to the model.

Table 4.15 displays the results for the permanency outcome 1 composite regression, which indicates that the overall model of predictors significantly distinguished that non-privatized systems were 8.49 times more likely to meet this standard. Only one case-level predictor, length of stay (months) since latest removal, was entered in the equation; and all predictors, except age, made significant contributions to the overall model. Permanency outcome 1 is a composite measure of the timeliness and permanency of reunification for foster children.

Results for the permanency outcome 2 composite regression, which measures the timeliness to adoption, are displayed in Table 4.16. Length of stay (months) since latest removal, child waiting for adoption, and parents relinquished parental rights were the case-level factors included in this model. Overall, the model was also significant indicating non-privatized systems were .87 times more likely to meet the outcome. However, 5 predictors (i.e., being White and Hawaiian/Other Pacific Islander children, having a diagnosed disability, having a

mental retardation diagnosis, and being in care 6 – 12 months) did not contribute significantly to the model. While reasons why the child-level factors did not contribute to the model are much more difficult to explain, the fact that the 6 -12 month timeframe is a critical juncture for determining whether or not to continue pursuing reunification, or move to adoption, may explain its lack of contribution. In other words, it is during this time period that there may be a more even split between children who are moving toward adoption, and those who aren't than in the other time periods.

Finally here, as shown in Table 4.17, the overall model for permanency outcome 3, which measures achievement of permanency for children in foster care for long periods of time, was not found to significantly predict state systems meeting the standard or not. The case-level factors entered in this model included length of stay since latest removal, child waiting for adoption, parental right relinquished, and youth no longer eligible for foster care (turned age 18 while in care). However, with the number of placement settings and length of stay in the current placement case-level factors included in the model for permanency outcome 4 (placement stability for children in care), a slight but significant prediction was found for the overall model. Table 4.18 shows that the logistic regression calculation found the non-privatized state systems to be .09 times more likely to meet the standard. In this analysis, all but 4 predictors (being a male, Hispanic, visually/hearing impaired, and physically disabled) made significant contributions to the model.

Thus, based on the four model configurations to the specific outcomes, these analyses suggest that the state system type does have influence on the relationship between child/case-level factors and these systems meeting federal safety and permanency outcome standards. It was not surprising, therefore, that only one element of a case-level factor (6 – 12 months in care

since latest removal) did not contribute significantly to the relative outcome [permanency 2]. Taken together, being privatized yields no greater likelihood of meeting these standards over non-privatized systems, which is also a finding supported by the marginal body of extant literature of national comparative studies on this topic (Coles, 2015).

Limitations

There are several general limitations to using pre-existing archived secondary datasets, as was done in this study. According to Rubin and Babbie (2011), these may include: i) missing data, ii) problems with validity, iii) problems with reliability, iv) inadequate documentation, and v) feasibility issues. Regarding missing data, this study sought to primarily examine differences between the system groups [non-privatized vs. privatized] in the delivery of services to foster children. Additionally, there were 19 “service” variables retrieved from NCANDS for the eventual 10 selected states included in the final merged data file, as noted in the method section of this study. However, the number of missing values in each of the 19 “service” variables was significant and limited the eventual comparative analyses. Out of the N_1 =10 selected states, only four entered values for all of the “service” variables.

Table 4.14

Logistic Regression Model for Safety Outcome 2 Composite[a] *(N_1=10 states, N_2=118,761 cases)*

	95.0% CI for Exp(B)		
Variables Entered in Equation	Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS			
Age at last removal	1.00	1.01	1.00
Child Sex (Male)	1.03	1.09	1.06**
Race and Ethnicity			
NH, White	0.93	1.01	0.97
NH, Black	0.18	0.23	0.20**
NH, American Indian/Alaskan Native	0.14	0.20	0.17**
NH, Asian	0.01	0.02	0.01**
NH, Hawaiian/Other Pacific Islander	0.43	0.49	0.46**
NH, More than 1 Race	0.67	0.73	0.70**
Hispanic (any race)	0.14	0.18	0.16**
Diagnosed Disability			
Yes	0.67	0.83	0.75**
No	2.25	2.82	2.52**
Mental Retardation	1.70	2.26	1.96**
Visually or Hearing Impaired	0.79	1.21	0.98
Physically Disabled	1.24	1.76	1.48**
Emotionally Disturbed	0.60	0.73	0.66**
Other Diagnosed Condition	0.47	0.56	0.51**
Rural/Urban Residence			
Metro: > 1 million population	0.44	0.48	0.46**
Metro: 250K to 1 million population	0.99	1.10	1.04
Metro: < 250K population	1.75	2.07	1.90**
NonMetro: Urban > 20K pop; Adjacent	0.17	0.20	0.18**
NonMetro: Urban >20K pop; Non-adjacent	0.86	1.00	0.93*
NonMetro: Urban 2.5K to 20K; Adjacent	0.44	0.52	0.48**
NonMetro: Urban 2.5 to 20K; Non-adjacent	0.32	0.43	0.37**
Rural or < 2.5K population; Adjacent	0.27	0.36	0.31**
CASE-LEVEL PREDICTORS			
Foster Family Structure			
Married couple	3.38	4.49	3.90**
Unmarried couple	3.89	5.38	4.57**
Single female	2.43	3.22	2.80**
Single male	2.83	3.95	3.34**

Variables Entered in Equation	95.0% CI for Exp(B)		
	Lower	Upper	*Exp(B)**
Current Placement Setting			
Pre-adoptive home	0.71	0.82	0.76**
Foster home, relative	0.73	0.84	0.78**
Foster home, non-relative	3.66	5.09	4.32**
Group home	3.92	5.47	4.63**
Institution	1.45	2.18	1.78**
Supervised independent living	2.67	4.17	3.34**
Other	0.62	0.85	0.73**
Out of State Placement	1.03	1.27	1.14*
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	6.56	7.02	6.79**

Note. *$p < .05$, **$p < .001$

a. Safety Outcome 2 Composite: Of all children served in foster care in FFY, what % were not victims of a substantiated or indicated maltreatment by a foster parent or facility staff member during the fiscal year?

Table 4.15

Logistic Regression Model for Permanency Outcome 1 Composite[a]

(N=10 states, N2=118,761 cases)

	95.0% CI for Exp(B)		
Variables Entered in Equation	Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS			
Age at last removal	1.00	1.00	1.00
Child Sex (male)	1.05	1.14	1.10**
Race and Ethnicity			
NH, White	0.53	0.60	0.57**
NH, Black	0.22	0.33	0.27**
NH, American Indian/Alaskan Native	4.51	6.60	5.46**
NH, Asian	23.93	41.76	31.61**
NH, Hawaiian/Other Pacific Islander	2.45	2.82	2.63**
NH, More than 1 Race	0.80	0.92	0.86**
Hispanic (any race)	0.24	0.42	0.32**
Diagnosed Disability			
Yes	0.56	0.72	0.64**
No	0.08	0.11	0.09**
Mental Retardation	1.16	1.59	1.36**
Visually or Hearing Impaired	0.57	0.95	0.73*
Physically Disabled	1.76	2.51	2.10**
Emotionally Disturbed	1.21	1.53	1.36**
Other Diagnosed Condition	0.64	0.78	0.71**
Rural/Urban Residence (Metro > 1 mill)			
Metro: > 1 million population	1.66	1.87	1.76**
Metro: 250K to 1 million population	4.59	5.26	4.91**
Metro: < 250K population	3.73	4.45	4.08**
NonMetro: Urban > 20K pop; Adjacent	28.40	34.50	31.30**
NonMetro: Urban >20K pop; Non-adjacent	3.49	4.19	3.82**
NonMetro: Urban 2.5K to 20K; Adjacent	21.33	25.71	23.42**
NonMetro: Urban 2.5 to 20K; Non-adjacent	1.55	2.53	1.98**
Rural or < 2.5K population; Adjacent	9.64	13.24	11.30**
CASE-LEVEL PREDICTORS			
Length (months) since latest removal			
6 months or less	0.81	0.90	0.85**
6.1 - 12 months	0.82	0.93	0.87**
12.1 to 18 months	0.67	0.78	0.72**
18.1 to 24 months	0.72	0.81	0.76**

	95.0% CI for Exp(B)		
Variables Entered in Equation	Lower	Upper	*Exp(B)**
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	8.02	9.00	8.49**

Note. *p < .05, **p < .001
a. Permanency Outcome 1 Composite: Timeliness and permanency of reunification

Table 4.16

Logistic Regression Model for Permanency Outcome 2 Composite[a]

(N=10 states, N2=118,761 cases)

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS			
Age at last removal	1.01	1.02	1.02**
Child Sex (male)	0.86	0.92	0.89**
Race and Ethnicity			
NH, White	0.95	1.03	0.99
NH, Black	3.70	5.71	4.59**
NH, American Indian/Alaskan Native	1.35	2.31	1.76**
NH, Asian	12.96	125.98	40.41**
NH, Hawaiian/Other Pacific Islander	0.88	1.01	0.94
NH, More than 1 Race	1.39	1.56	1.47**
Hispanic (any race)	2.11	3.08	2.55**
Diagnosed Disability			
Yes	0.97	1.20	1.08
No	2.24	2.90	2.55**
Mental Retardation	0.78	1.02	0.89
Visually or Hearing Impaired	1.03	1.63	1.30*
Physically Disabled	0.48	0.66	0.56**
Emotionally Disturbed	0.52	0.64	0.58**
Other Diagnosed Condition	1.29	1.55	1.41**
Rural/Urban Residence			
Metro: > 1 million population	0.76	0.84	0.80**
Metro: 250K to 1 million population	0.28	0.31	0.30**
Metro: < 250K population	0.24	0.27	0.25**
NonMetro: Urban > 20K pop; Adjacent	0.26	0.31	0.28**
NonMetro: Urban >20K pop; Non-adjacent	0.22	0.25	0.23**
NonMetro: Urban 2.5K to 20K; Adjacent	0.22	0.26	0.24**
NonMetro: Urban 2.5 to 20K; Non-adjacent	0.19	0.25	0.22**
Rural or < 2.5K population; Adjacent	0.20	0.26	0.23**
CASE-LEVEL PREDICTORS			
Length (months) since latest removal			
6 months or less	1.01	1.11	1.06*
6.1 - 12 months	1.00	1.11	1.05
12.1 to 18 months	1.15	1.31	1.23**
18.1 to 24 months	0.90	1.00	0.95*

Variables Entered in Equation	95.0% CI for Exp(B)		
	Lower	Upper	*Exp(B)**
Is child waiting for adoption	0.54	0.60	0.57**
Have parents relinquished parental rights	1.11	1.24	1.18**
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	0.84	0.90	0.87**

Note. *$p < .05$, **$p < .001$
a. Permanency Outcome 2 Composite: Timeliness to Adoption

Table 4.17

Logistic Regression Model for Permanency Outcome 3 Composite[a]

(N=10 states, N2=118,761 cases)

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS			
Age at last removal	1.03	1.04	1.04**
Child Sex (male)	0.88	0.97	0.92*
Race and Ethnicity			
NH, White	0.59	0.66	0.62**
NH, Black	3.91	13.26	7.20**
NH, American Indian/Alaskan Native	2.81	20.54	7.60**
NH, Asian	0.00	0.00	19951707.04
NH, Hawaiian/Other Pacific Islander	0.55	0.69	0.62**
NH, More than 1 Race	2.11	2.63	2.36**
Hispanic (any race)	1.48	2.20	1.80**
Diagnosed Disability			
Yes	0.80	1.31	1.02
No	1.71	2.88	2.22**
Mental Retardation	1.07	1.85	1.41*
Visually or Hearing Impaired	0.61	1.40	0.93
Physically Disabled	1.30	2.80	1.91*
Emotionally Disturbed	1.23	2.01	1.57**
Other Diagnosed Condition	2.15	3.52	2.75**
Rural/Urban Residence			
Metro: > 1 million population	0.63	0.73	0.68**
Metro: 250K to 1 million population	0.23	0.27	0.25**
Metro: < 250K population	0.24	0.29	0.26**
NonMetro: Urban > 20K pop; Adjacent	0.00	0.00	44061542.94
NonMetro: Urban >20K pop; Non-adjacent	0.19	0.23	0.21**
NonMetro: Urban 2.5K to 20K; Adjacent	1.71	2.73	2.16**
NonMetro: Urban 2.5 to 20K; Non-adjacent	0.11	0.16	0.13**
Rural or < 2.5K population; Adjacent	0.78	1.85	1.21
CASE-LEVEL PREDICTORS			
Length (months) since latest removal			
6 months or less	1.17	1.36	1.26**
6.1 - 12 months	1.41	1.67	1.54**
12.1 to 18 months	1.51	1.81	1.65**
18.1 to 24 months	1.73	2.12	1.91**
Is child waiting for adoption	0.76	0.90	0.82**
Have parents relinquished parental rights	1.09	1.29	1.19**
Youth is no longer eligible for FC	0.44	0.58	0.50**

Variables Entered in Equation	95.0% CI for Exp(B)		
	Lower	Upper	*Exp(B)**
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	0.00	1.543E+139	260128839.80

Note. * $p < .05$, ** $p < .001$
a. Permanency Outcome 3 Composite: Achieving permanency for children in foster care for long periods of time

Table 4.18

Logistic Regression Model for Permanency Outcome 4 Composite[a]

N=10 states, N2=118,761 cases)

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
CHILD-LEVEL PREDICTORS			
Age at last removal	1.03	1.03	1.03**
Child Sex (male)	0.99	1.05	1.02
Race and Ethnicity			
NH, White	1.14	1.23	1.18**
NH, Black	2.46	3.22	2.81**
NH, American Indian/Alaskan Native	5.63	8.24	6.81**
NH, Asian	56.77	101.63	75.95**
NH, Hawaiian/Other Pacific Islander	2.44	2.79	2.61**
NH, More than 1 Race	1.37	1.50	1.43**
Hispanic (any race)	0.95	1.18	1.06
Diagnosed Disability			
Yes	0.64	0.78	0.70**
No	18.30	23.16	20.59**
Mental Retardation	1.12	1.43	1.26**
Visually or Hearing Impaired	0.93	1.38	1.13
Physically Disabled	0.78	1.05	0.90
Emotionally Disturbed	1.25	1.51	1.37**
Other Diagnosed Condition	1.55	1.84	1.69**
Rural/Urban Residence			
Metro: > 1 million population	0.40	0.44	0.42**
Metro: 250K to 1 million population	0.58	0.63	0.60**
Metro: < 250K population	0.66	0.75	0.70**
NonMetro: Urban > 20K pop; Adjacent	0.36	0.43	0.40**
NonMetro: Urban >20K pop; Non-adjacent	0.30	0.35	0.32**
NonMetro: Urban 2.5K to 20K; Adjacent	0.26	0.31	0.29**
NonMetro: Urban 2.5 to 20K; Non-adjacent	0.19	0.26	0.22**
Rural or < 2.5K population; Adjacent	0.26	0.36	0.31**
CASE-LEVEL PREDICTORS			
# of PLC Settings in current FC episode			
2 or less PLC settings	0.81	0.87	0.84**
3 to 5 PLC settings	0.51	0.57	0.54**
Length (months) of Stay in Current PLC			
6 months or less	1.08	1.17	1.13**
6.1 - 12 months	1.46	1.62	1.54**
12.1 to 18 months	1.75	1.98	1.86**
18.1 to 24 months	2.43	2.71	2.57**

Variables Entered in Equation	95.0% CI for Exp(B) Lower	Upper	*Exp(B)**
SYSTEM-LEVEL PREDICTORS			
State System Type (Privatized)	0.09	0.09	0.09**

Note. *p < .05, **p < .001
a. Permanency Outcome 4 Composite: Placement stability

Other variables not included in the pre-existing data were added (i.e., system type, number of services received, and disproportionality and disparity indices). Further, regarding reports of CAN data, the final data files only included foster children who were either victims or non-victims of a substantiated report of CAN. However, CAN is a phenomena that often goes unreported, and therefore, victimization may be under- or over-reported in some cases, which may cause some erroneous statistical estimates (Rubin & Babbie, 2011).

The extent to which these data are reliable is also a limitation of this study as often, secondary researchers cannot ensure that the data originally collected was accurate or had fidelity e.g., how well trained the data collectors were in identifying inaccuracies. For these AFCARS and NCANDS data, states actually submit their own administrative data, entered by different state agency personnel (i.e., case managers, supervisors, administrators, etc.), to a central archiving institution electronically. Although the repository institution has its own rigorous data validation process, including allowing states to submit corrected data after data files have been released to the public, and providing documentation of data irregularities and updated data files, inaccuracies may still exist. Also, changes in existing data over time, and when updated data is available can also create feasibility and accuracy issues. Fortunately, having the ongoing technical support of the archiving institution to configure these large data, minimized the potential for additional feasibility issues common in accessing large up-to-date government data (Rubin & Babbie, 2011).

Finally, related to the limitation of the missing “service” data, an inadequate amount of NCANDS child file data were merged with the AFCARS foster care file data. Although the resultant sample was N = 118,761 cases, only 67% of these cases contained NCANDS child file “service” data. For instance, the state of Pennsylvania submitted no “service” data at all,

accounting for 19% of the total sample of cases. This is in large part, due to the voluntary nature of NCANDS reporting as compared to the federal mandate [by federal law] of AFCARS reporting. Thus, giving the amount of missing "service" data, analyses of "services" received by foster children was limited to only 4 states accounting for 47% of the total sample.

CHAPTER 5

RESEARCH QUESTIONS, CONCLUSIONS, RECOMMENDATIONS

This study expounds on and enhances the body of literature regarding the effects of privatization policy in the U.S. child welfare system. As states currently continue to grapple with meeting performance outcomes and improving the lives of children and families, while managing increased demands for administrative accountability and economic efficiency, it was this aim of the exploration to offer some insights to future system reform policy decision-making to the pool of child welfare stakeholders. To this end, it was a goal to add to the paucity of comparative analyses examining differences between public- and private-run foster care system performance on safety and permanency outcome measures and national performance standards, using large national secondary data sources. In doing so, this study uniquely included additional factors vital to efficient and effective foster care service delivery, such as case manager visits, number of services received by foster children, case- and state-level expenditures, and rates of disproportionality and disparity; and examined the predictive value of case/state-level factors on systems meeting national standards.

Research Questions

This research had the responsibility to answer the previously posed research questions that guided the entire study. There were 2 primary and 6 secondary research questions [see pages 61-62]. The answers to these questions are as follows:

I. Do privatized foster care agencies outperform non-privatized agencies in achieving safety and permanency outcomes for children?

The answer to this question is NO. The totality of these analyzed data suggests that while there may be some consequential outcome benefits for children in privatized foster care systems, overall, there were no main significant differences in performance or economic outcomes between these two systems. Three of the five secondary questions showed no statistical differences, but two did, RQ4 and RQ6.

RQ1. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated safety outcomes? This study did not find that there were any significant differences between the two system groups on federally mandated safety outcomes.

RQ2. Are there significant statewide differences between privatized and non-privatized foster care systems on federally mandated permanency outcomes? There were NO significant differences between the two system groups on federally mandated permanency outcomes.

RQ3. Are there significant statewide differences between privatized and non-privatized foster care systems in the percentage of caseworker-child visits? There were NO significant differences between the two system groups on the caseworker-child visits outcome measure.

RQ4. Are there significant statewide differences between privatized and non-privatized foster care systems in child welfare expenditures? YES. There were significant differences found between the two system groups indicating that privatized states spent significantly less of Medicaid and Title IV-E funds than non-privatized states.

RQ6. How does privatization effect the relationship between selected child, case, and system-level factors and foster care systems meeting national safety and permanency

standards? YES. This study found that models including child, case, and system-level factors, configured as relevant to the specific safety and permanency outcome composites, did significantly predict state systems meeting the national standards overall. Only permanency outcome 3 was not significantly predicted, but for all others, non-privatized systems were predicted to more likely meet the standards over privatized ones.

II. Do children of color fare any better in privatized versus non-privatized foster care systems?

RQ5. Are there significant statewide differences between privatized and non-privatized foster care systems in terms of specific outcome indicators for disproportionally represented children of color? Marginally speaking, YES—by racial group comparisons, but not by system group comparisons. This study found that overall, Black and American Indian/Alaskan Native children fared significantly worse on outcome indicators than did their White counterparts. Although there were some nuances in the results on some indicators, overall, neither non-privatized or privatized systems provided any better or worse outcomes for foster children of color.

This study now joins the body of research on privatization and child welfare, concluding that there is no empirical evidence that privatizing foster care services, particularly the case management service delivery function, propels our U.S. child welfare system to higher heights in terms of overall performance, improving outcomes for children, or cost-savings. Thus, it is safe to surmise from this study and others that the *public good*, that is foster care service provision, is not all together amenable to the mechanics of market competition, which aligns with economic theory. Additionally, privatization of foster care service delivery constitutes a monopsonistic

market structure, and suffers from thin markets and principal-agent problems that impede competition and the efficient allocation of resources—known as market failure.

Conclusions

This study offers 9 major conclusions:

1. As experienced by the author of this study, working with such “big data” was very intimidating, time consuming, and resource-draining. Determining to what extent a large pre-existing data set can fulfill or be configured to the specific study design takes meticulous consideration and focus-driven energy.

2. Based on the first set of descriptive results [Tables 4.1 – 4.3] highlighting foster care socio-demographics for these $N_1 = 10$ states, consistent with the literature, there were no initial discernable differences between the privatized and non-privatized state system groups.

3. Descriptive data for federal child welfare expenditures did show some differences in spending between the system groups. Of these, privatized groups spent significantly less Medicaid, Title IV-E foster care, and Title IV-B Guardianship funds, while spending significantly more of Title IV-E waiver and social service block grant funds.

4. Regarding racial composition and the disproportionality and disparity indicators by system groups, this study’s findings were consistent with the extant literature, that shows African American and American Indian/Alaskan Native foster children are overrepresented in the foster care system and experience disparity in different outcomes.

5. Descriptive statistics for the national CFSR outcome composite scores revealed no significant differences between system groups.

6. Results of the comparative analyses of outcome composite scores, case manager visits, and disproportionality and disparity indicators for African American and American

Indian/Alaskan Native children, all had no significant differences between the system groups. After taking multiple statistical approaches to examine these variables, the Poisson regression analyses did reveal that the differences in expenditures between system groups were statistically different.

7. Analyses of interactions between system type and race on selected outcome indicators found some statistical significance in the main effect comparisons by race and, also the interactions between system type and race. By race, African American children fared slightly better in terms of these outcomes in privatized systems, but American Indian/Alaskan Native children fared better in non-privatized systems.

8. Analyses conducted on the child and case-level predictors for the regression analyses found significant differences between system groups for all of the predictor variables. These results informed the subsequent logistic regression analyses to examine how the system type influenced the predictive value of child/case-level factors on state systems, in meeting national safety and permanency outcome standards.

9. Taken together as a set of analyses, the computed logistic regressions on how system type influenced each of the 6 performance outcome composite results, significance was found for all but one (permanency outcome 3 composite) of the predictor models. Furthermore, of all the significant regressions, it was found that non-privatized systems were more likely to meet the national performance standards.

Recommendations

1. When working in such a large secondary data set, social work researchers should: a) seek additional specialized education and training on use of such datasets, b) thoroughly review the data documentation that provides the information on the initial study design, variable coding,

and limitations, c) seek additional specialized education and training on statistical analyses and methodology to maximize the impact of the study, and d) consider and employ multiple statistical approaches (i.e., parametric, nonparametric, descriptive, and inferential) to explore research questions and increase overall rigor of the study.

2. Future analyses of state and foster care socio-demographics may benefit from the following recommendations: a) increase the sample size by including an additional group of states utilizing a hybrid (proportionate public and private) system structure, and b) use more robust inferential statistics to further analyze descriptive findings.

3. Regarding the significant findings noted about child welfare expenditures, future research should focus more on: a) analyzing differences in performance between states that utilize Title IV-E waivers, social service block grants, and state and local funding sources more using more rigorous inferential statistical approaches, b) examining how these specific funding sources may be used differently than the other federal funding sources both within and between the system groups, using both quantitative and qualitative methodological approaches, and c) examining how much of these expenditures are allocated to private agencies to administer services both within and between groups.

4. Those conducting future studies on racial disproportionality and disparity in foster care may benefit from: a) examining differences in outcomes within groups (i.e., by age groups, rural vs. urban settings, and primary caretaker family structure, etc.), and b) exploring more and different variables to identify differences within racial groups and between system groups (i.e., children at-risk for not achieving permanency vs. those not at-risk), and c) exploring why there were no differences between their system sub-groups, just racial sub-groups.

5. Researchers interested in child welfare performance outcome standards should: a) employ longitudinal approaches to increase the rigor of analysis and explore change over time, and emergent patterns of differences within and between system groups, and b) use mixed methods with qualitative data to add the voices and lived experiences of these foster youth and their families, to further explore these differences more in-depth, and from a different perspective.

6. Future research related to the previous comparative analyses on child welfare performance outcomes should: a) include a third group (i.e., partially privatized states) to increase the sample sizes of the study, b) include more expenditure variables (i.e., state and local funding sources) to compare the system groups, and c) use longitudinal approaches to examine changes in composite scores and outcome measures over time.

7. Recommendations to strengthen the findings on selected child welfare outcome indicators include: a) including additional variables (i.e., the number of times was a victim of maltreatment, number of substantiated maltreatment reports for a child, etc.), which could indicate patterns of children continuing to be maltreated, and subsequently re-entering foster care after previous episodes.

8. Recommendations to strengthen bivariate analyses of child/case-level factors should: a) include more variables related to child victimization (i.e., maltreatment type, number of reports received for child, and number of times a victim of maltreatment), and b) include variables related to foster care dollars spent on each case.

9. Future research on predicting effects on performance standards should: a) include additional variables to capture the rate of victimization for each child by state system type, and

b) select different combinations of variables to craft unique regression models to determine more precise predictive information on how performance standards are impacted.

10. While there are over 22 stakeholder groups in child welfare that may benefit from the findings of this study (Holosko, 2006), 4 hold particular relevance to the author and this study. These are:

a. *Child welfare researchers* who work to aid agencies in determining what works and what doesn't, providing the time, expertise, and resources to conduct intervention and evaluation research that can be valuable to achieving improved performance to achieve optimal outcomes for children and families. Therefore, researchers could benefit from their findings to assist agencies in assessing the overall effectiveness and efficiency of current and proposed policy and program implementation, such as privatization. Specifically, these researchers should consider: i) bridging research with agency administrative data and national datasets to facilitate the transferring of study findings to evidence-informed policy development and practice guidance, ii) add qualitative methodological approaches to research that complement quantitative findings and strengthen the connections between researchers and practitioners, and iii) translate and disseminate their finding more effectively to direct and inform child welfare practice.

b. *Policy-makers* (Governors and legislators) are the primary decision-makers as it relates to the transfer of public case management services to the private sector. Privatizing all or parts of a public system requires a legislative act and confirmation (signing the bill) from the Governor. Therefore, these stakeholders would be direct beneficiaries of the study findings, and should: i) act legislatively

to support and promote ongoing agency-university partnerships with a mission to facilitate evidence-informed practice and sustain improvements for children and families, and ii) provide sufficient funding to support agency-university partnerships.

c. *Administrators* (agency upper-level management) would also benefit from these findings. The policy and practice implications of privatizing foster care has direct impact on the work they do, the way they do the work, and the environments they work in. In addition to having access to an empirical comparative knowledge-base on the impact privatization has had other states, these findings can also be a gateway to gaining additional insight to the implications of privatization policies on direct practice, such as the impact to caseload size, workforce capacity, workflow process, legal requirements, etc. Furthermore, as these stakeholders manage public and political mandates to reform the child welfare system, alternatives to privatization, given the consensus on its effects, in the literature should be pursued. Along with reviewing such comparative studies, literature on conducting internal organizational analyses should be pursued as well. Therefore, administrators should: i) conduct operational and procedural analyses that would examine overall process design including layout, capacity, quality control, forecasting, etc., and ii) conduct institutional analyses that would examine policies, administrative protocols, systems of accountability, agency mission, staff education and training, organizational structure.

d. *Frontline case managers* would benefit greatly from research that also examines the work they do, the way they do the work, and the environments they work in.

For these practitioners, privatization could have a direct impact on their caseloads, work environment, and their benefits and salaries. One of the chief complaints against public agencies is the perpetual high caseloads that overload the capacity of frontline case managers, and overburdens the entire system resulting in the very struggles in meeting the performance outcomes found in this study. Turnover, has also been a longstanding and serious problem among frontline staff in foster care; and as states have elected to privatize [the movement afoot, nationally], front line staff have either transferred to private agencies, transferred to other public service departments, or left child welfare all together. Therefore, these frontline staff should: a) continue to advocate for their clients, especially to the policy-makers who make decisions that directly impact their direct service to children and families, and 2) stay politically and civically engaged to promote the profession of social work, and the child welfare sector of social service delivery.

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APPENDIX A

PROPOSED COMPARATIVE ANALYSIS VARIABLE CODEBOOK

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
SYSGROUP	*System Group*: Foster Care Case Management Delivery (FCCMD)	0 - Non-Privatized FCCMD 1 - Privatized FCCMD	Binary Group	Sample
OM1/SOC1	*Recurrence of Maltreatment within 6 months*	**Measure 1.1**: The percentage of child victims who experience a recurrence of maltreatment within a six-month period **SOC1**: Of all children who were victims of a substantiated or indicated maltreatment allegation during the first 6 months of FFY, what percent were not victims of another substantiated or indicated maltreatment allegation within the 6-months following that maltreatment incident?	Continuous Outcome	CW Outcomes Report
OM2/SOC2	*Reduce the incidence of child abuse and neglect*	**Measure 2.1**: The percentage of all children in foster care who were maltreated by a foster parent or facility staff member **SOC2**: Of all children served in foster care in FFY, what percent were not victims of a substantiated or indicated maltreatment by a foster parent or facility staff member during the fiscal year?	"	"
OM3.1	*Increase Permanency*: All Positive Exits	**Measure 3.1**: Of all children who exited foster care during the year, what percentage left to	"	"

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		either reunification, adoption, or legal guardianship (i.e., were discharged to a permanent home)? (N=50 states)		
OM3.2	*Increase Permanency*: Exits for Disabled	**Measure 3.2**: Of all children who exited foster care during the year and were identified as having a diagnosed disability, what percentage left to either reunification, adoption, or legal guardianship (i.e., were discharged to a permanent home)? (N=47 states)	"	"
OM3.3	*Increase Permanency*: Exits for Older Children	**Measure 3.3**: Of all children who exited foster care during the year and were older than age 12 at the time of their most recent entry into care, what percentage left either to reunification, adoption, or legal guardianship (i.e., were discharged to a permanent home)? (N=50 states)	"	"
OM3.4	*Increase Permanency*: Emancipation	**Measure 3.4**: Of all children exiting foster care in the year to emancipation, what percentage were age 12 or younger at the time of entry into care? (N=50 states) A lower % indicates better performance	"	"
OM3.5	*Increase Permanency*: By race	**Measure 3.5**: Of all children who exited foster care during the year, what percentage by racial/ethnic category left either to reunification, adoption, or legal guardianship?		
OM4.1	*Reduce time in FC to reunification*	**Measure 4.1**: Of all children reunified with their parents or caretakers at the time of discharge from foster care during the year, what percentage were reunified in less than 12	"	"

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		months from the time of entry into foster care? (N=50 states) • Less than 12 months from the time of latest removal from home • At least 12 months but less than 24 months • At least 24 months but less than 36 months • At least 36 months but less than 48 months • 48 or more months		
OM4.2	*Reentry*	**Measure 4.2**: Of all children who entered foster care during the year, what percentage reentered care: • Within 12 months of a prior foster care episode? • More than 12 months after a prior foster care episode?	"	"
POC1	*CFSR Permanency Outcome*	**Permanency Outcome Composite 1**: Timeliness and Permanency of reunification (N = 50 states) 1. Measure C1.1: Of all children discharged from foster care to reunification during the year who had been in care for eight days or longer, what percentage were reunified in less than 12 months from the date of the latest removal from home? (Includes trial home visit adjustment**) (N=50 states)	"	"

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		2. Measure C1.2: Of all children discharged from foster care to reunification during the year who had been in care for eight days or longer, what was the median length of stay (in months) from the date of the latest removal from home until the date of discharge to reunification? (Includes trial home visit adjustment) (N=50 states) A lower % indicates better performance 3. Measure C1.3: Of all children who entered foster care for the first time in the 6-month period just prior to the year shown, and who remained in care for eight days or longer, what percentage were discharged from foster care to reunification in less than 12 months from the date of the latest removal from home? (Includes trial home visit adjustment) (N=50 states) 4. Measure C1.4: Of all children discharged from foster care to reunification in the 12-month period prior to the year shown, what percentage reentered care in less than 12 months from the date of discharge? (N=50 states) A lower % indicates better performance		
OM5	*Reduce time in foster care to adoption*	**Measure 5.1a**: Of all children discharged from care during the year to a finalized adoption, what percentage were discharged in less than 12 months from the date of the latest removal from	"	"

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		home? (N=50 states) **It is a calculation of discharges to adoption for a range of time periods. Measure 5.1a denotes a 12-month period for the measure.		
POC2	*CFSR Permanency Outcome*	**Permanency Outcome Composite 2**: Timeliness to Adoption (N = 50 states) 1. Measure C2.1: Of all children discharged from foster care to a finalized adoption during the year, what percentage were discharged in less than 24 months from the date of the latest removal from home? (N=50 states) 2. Measure C2.2: Of all children discharged from foster care to a finalized adoption during the year, what was the median length of stay in care (in months) from the date of latest removal from home to the date of discharge to adoption? (N=50 states) A lower % indicates better performance 3. Measure C2.3: Of all children in foster care on the first day of the year who were in care for 17 continuous months or longer, what percentage were discharged from foster care to a finalized adoption by the last day of the year? (N=50 states) 4. Measure C2.4: Of all children in foster care on the first day of the year who were in foster care for 17 continuous months or longer, and who were not legally free for adoption prior to that day, what percentage	“	“

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		became legally free for adoption during the first six months of the year? (N=50 states) 5. Measure C2.5: Of all children who became legally free for adoption in the 12-month period prior to the year shown, what percentage were discharged from foster care to a finalized adoption in less than 12 months from the date of becoming legally free? (N=50 states)		
POC3	*CFSR Permanency Outcome*	**Permanency Outcome Composite 3**: Achieving Permanency for children in foster care for long periods of time 1. Measure C3.1: Of all children who were in foster care for 24 months or longer, what percent were discharged to a permanent home prior to their 18th birthday and by the end of the fiscal year? A child is considered discharged to a permanent home if the discharge reason is adoption, guardianship, reunification, or live with relative. (51 States) 2. Measure C3.2: Of all children who were discharged from foster care in FY who were legally free for adoption at the time of discharge (i.e., there was a parental rights termination date reported to AFCARS for both mother and father), what percent were discharged to a permanent home prior to their 18th birthday? A child is considered		

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		discharged to a permanent home if the discharge reason is adoption, guardianship, reunification, or live with relative. (51 States) 3. Measure C3.3: Of all children who either (1) were discharged from foster care in FY with a discharge reason of emancipation, or (2) reached their 18th birthday in FY 2004 while in foster care, what percent were in foster care for 3 years or longer? (51 States)		
OM6.1a	*Increase placement stability*: Kids in care less than 12 months with 2 or fewer	Measure 6.1a: Of all children served in foster care during the year who were in care for less than 12 months, what percentage had no more than two placement settings? (N=50 states)	"	"
OM6.1b	*Increase placement stability*: Kids in care 12 to 23 months with 2 or fewer	Measure 6.1b: Of all children served in foster care during the year who were in foster care for at least 12 months but less than 24 months, what percentage had no more than two placement settings? (N=50 states)	"	"
OM6.1c	*Increase placement stability*: Kids in care at least 24 months with 2 or fewer	Measure 6.1c: Of all children served in foster care during the year who were in foster care for at least 24 months, what percentage had no more than two placement settings? (N=50 states)	"	"
POC4	*CFSR Permanency Outcome*	**Permanency Composite 4:** Placement Stability Measure C4.1: Of all children were served in foster care during the FFY, and who were in foster care for at least 8 days but less than 12		

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
		months, what percent had two or fewer placement settings? Measure C4.2: Of all children who were served in foster care during the FFY, and who were in foster care for at least 12 months but less than 24 months, what percent had two or fewer placement settings? Measure C4.3: Of all children who were served in foster care during the FFY, and who were in foster care for at least 24 months, what percent had two or fewer placement settings?		
OM7	*Reduce placements of young children in GHs or Institutions*	Measure 7.1: Of all children who entered foster care during the year and were age 12 or younger at the time of their most recent placement, what percentage were placed in a group home or institution? (N=50 states) A lower % indicates better performance	"	"
CWExp	*Stephanie Tubbs Jones Child Welfare Services 2013 Planned Use of funding by State & Service Category*	Total Funding	"	Report to Congress
TitleIV-E	*Federal Title IV-E Spending (for each state in sample)*		"	CW Financing SFY 2014 Report (SFY2014-Data Table)
TitleIV-B	*State Title IV-B Spending (for each state in sample)*		"	"
SSBG	*Social Services Block Grant*		"	"

Variable Name	Variable Label/Definition	Variable Measure Definition	Variable Level/Type	Data Source
CMV1	*Monthly Caseworker Visits*	The percentage of children receiving monthly caseworker visits (MCV) (N=52 states)	"	"
CMV2	*Monthly Caseworker In-Home Visits*	The percentage of the monthly visits that occurred in the home of the child (VIH) (N=51 states)	"	"
DSP1	*Disproportionality Index*: Entries	Entered care by race	"	"
DSP2	*Disproportionality Index*: In Care	In care on 1st day of FY by race In Care on last day of FY by race	"	"
DSP3	*Disproportionality Index*: Positive Exits	Exits to Reunification, Adoption, Guardianship, Other by race	"	"
DSP4	*Disproportionality Index*: Emancipation	Emancipation by race	"	AFCARS
AgedOut	*# of Youth in No Longer Eligible for FC due to age*	Aged Out is not the same as emancipated. Emancipated just means DisReasn = 4. To age out, a child must be age 17 or 18, or older than 18 and receiving Title IV-E Foster Care payments. 0 – No 1 - Yes	Binary	AFCARS

APPENDIX B

PROPOSED REGRESSION ANALYSIS VARIABLE CODEBOOK

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
AGE	Child Age	1 – Under 1 yr 2 – 1 to 3 yrs 3 – 4 to 7 yrs 4 – 8 to 12 yrs 5 – 13 yrs and older	1 - Child Categorical Predictor	AFCARS
GENDER	Child Gender	1 – Male 2 - Female	"	"
RaceEthn	Derived Race	1 – Non-Hispanic (NH), White 2 – NH, Black 3 – NH, Am Ind/AK Native 4 – NH, Asian 5 – NH, Hawaiian/Other Pac Isl 6 – NH, More than 1 race 7 – Hispanic (Any Race) 99 – Race/Ethnicity Unknown	"	"
CLINDIS	Does child have a diagnosed disability?	1 – Yes 2 – No 3 – Not yet determined	"	"
MR	Does child have a mental retardation disability diagnosis?	0 – No 1 - Yes	1 Binary Predictor	AFCARS
VISHEAR	Does child have a visual or hearing impairment?	0 – No 1 – Yes	"	"

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
PHYDIS	Does child have a physical disability?	0 – No 1 – Yes	"	"
DSMIII	Is the child emotionally disturbed	0 – No 1 – Yes	"	"
OTHERMED	Does the child have another diagnosed condition?	0 – No 1 – Yes	"	"
IVEFC	Does the child receive Title IV-E Foster care payments?	0 – No 1 – Yes	2 - Case Binary Predictor	"
IVEAA	Does the child receive Title IV-E Adoption Assistance	0 – No 1 – Yes	"	"
IVAAFDC	Title IV-A AFDC Payment	0 – No 1 – Yes	"	"
IVDCHSUP	Title IV-D Child Support Funds	0 – No 1 – Yes	"	"
XIXMEDCD	Title XIX Medicaid	0 – No 1 – Yes	"	"
SSIOTHER	SSI or Social Security Act Benefits	0 – No 1 – Yes	"	"
NOA	Only State or Other Support	0 – No 1 – Yes	"	"
FCMntPay	Monthly FC Payment	Dollar amount	2 - Case Continuous Predictor	"
COUNSEL	*Counseling services* Services or activities that apply the therapeutic processes to personal, family, situational or occupational problems in order to bring about a positive resolution of the problem or	1 – Yes 2 – No 9 – unknown or missing	2 Categorical Predictor	NCANDS, child file

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
	improved individual or family functioning or circumstances			
DAYCARE	*Daycare services* Services or activities provided in a setting that meets applicable standards of State and Local law, in a center or in a home, for a portion of a 24-hours day.	1 – Yes 2 – No 9 – unknown or missing	"	"
EDUCATION	*Educational and training services* Service provided to the victim and/or the family to improve knowledge or daily living skills and to enhance cultural opportunities.	1 – Yes 2 – No 9 – unknown or missing	"	"
EMPLOY	*Employment Services* Services or activities provided to assist individuals in securing employment or acquiring of learning skills that promote opportunities for employment	1 – Yes 2 – No 9 – unknown or missing	"	"
FamPlan	*Family Planning Services* Educational, comprehensive medical or social services or activities which enable individuals, including minors, to determine freely the number and spacing of their children and to select the means by which this may be achieved.	1 – Yes 2 – No 9 – unknown or missing	"	"
HEALTH	*Health-related and Home Health Services* Services to attain and maintain a favorable condition of health.	1 – Yes 2 – No 9 – unknown or missing	"	"
HomeBase	*Home-based Services*	1 – Yes	"	"

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
	In-home services or activities provided to individuals or families to assist with household or personal care activities that improve or maintain adequate family well-being. Includes homemaker services, chore services, home maintenance services and household management services.	2 – No 9 – unknown or missing		
HOUSING	*Housing Services* Services or activities designed to assist individuals or families in locating, obtaining or retaining suitable housing.	1 – Yes 2 – No 9 – unknown or missing	"	"
TransLiv	*Independent & Transitional Living Services* Services and activities designed to help older youth in foster care or homeless youth make the transition to independent living.	1 – Yes 2 – No 9 – unknown or missing	"	"
InfoRef	*Information & Referral Services* Services or activities designed to provide information about services provided by public and private service providers and a brief assessment of client needs (but not a diagnosis and evaluation) to facilitate appropriate referral to these community resources.	1 – Yes 2 – No 9 – unknown or missing	"	"
Legal	*Legal Services* Services or activities provided by a lawyer, or other person(s) under the supervision of a lawyer, to assist	1 – Yes 2 – No 9 – unknown or missing	"	"

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
	individuals in seeking or obtaining legal help in civil matters such as housing, divorce, child support, guardianship, paternity and legal separation.			
MentHlth	*Mental Health Services* Services to overcome issues involving emotional disturbance or maladaptive behavior adversely affecting socialization, learning, or development. Usually provided by public or private mental health agencies and includes residential services (inpatient hospitalization, residential treatment, and supported independent living) and non-residential services (partial day treatment, outpatient services, home-based services, emergency services, intensive case management and assessment).	1 – Yes 2 – No 9 – unknown or missing	"	"
PregPar	*Pregnancy & Parenting Services* Services or activities for married or unmarried adolescent parents and their families to assist them in coping with social, emotional, and economic problems related to pregnancy and in planning for the future.	1 – Yes 2 – No 9 – unknown or missing	"	"
Respite	*Respite Care Services* Services involving temporary care of the child(ren) to provide relief to the caretaker. May involve care of the	1 – Yes 2 – No 9 – unknown or missing	"	"

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
	children outside of their own home for a brief period of time, such as overnight or for a weekend. Not considered by the State to be foster care or other placement.			
SSDisabl	*Special Services – Disabled* Services for persons with developmental or physical disabilities, or persons with visual or auditory, impairments, or services or activities to maximize the potential of persons with disabilities, help alleviate the effects of physical, mental or emotional disabilities, and to enable these persons to live in the least restrictive environment possible.	1 – Yes 2 – No 9 – unknown or missing	"	"
SSDelinq	*Special Services – Juvenile Delinquent* Services or activities for youth (and their families) who are, or who may become, involved with the juvenile justice system.	1 – Yes 2 – No 9 – unknown or missing	"	"
SubAbuse	*Substance Abuse Services* Services or activities designed to deter, reduce, or eliminate substance abuse or chemical dependency.	1 – Yes 2 – No 9 – unknown or missing	"	"
Transprt	*Transportation Services* Services or activities that provide or arrange for travel, including travel costs of individuals, in order to access services, or obtain medical care or employment.	1 – Yes 2 – No 9 – unknown or missing	"	"

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
OtherSv	*Other Services* Services or activities that have been provided to the child victim or family of the child victim, but which are not included in the services listed in the NCANDS record layout.	1 – Yes 2 – No 9 – unknown or missing	"	"
RU13	*Rural Urban Continuum Code* USDA Rural Urban Continuum Code version 2013 See http://www.ers.usda.gov/data-products/rural-urban-continuum-codes/documentation.aspx	1 – Metro: > 1 million population 2 – Metro: 250k to 1 mil 3 – Metro: < 250K 4 – NonMetro: Urban > 20K pop; Adjacent 5 – NonMetro: Urban > 20K; Non-adj 6 – NonMetro: Urban 2.5K to 20K; Adj 7 – NonMetro: Urban 2.5K to 20K; non-adj 8 – Rural or < 2.5K pop; adj 9 – Rural or < 2.5K; non-adj	3 Categorical Predictor	"
CWExp	*Stephanie Tubbs Jones Child Welfare Services 2013 Planned Use of funding by State & Service Category*	Total Funding	3 Continuous Predictor	Report to Congress
TitleIV-E	*Federal Title IV-E Spending (for each state in sample)*		"	CW Financing SFY 2014 Report (SFY2014-Data Table)

Variable Name	Variable Label/Definition	Values & Value Labels	Variable Level/Type	Data Source
TitleIV-B	*State Title IV-B Spending (for each state in sample)*		"	"
SSBG	*Social Services Block Grant*		"	"
Visits	*Monthly Case Manager Visits*		"	CW Outcomes report
In-Home Visits	*Monthly In-Home Case Manager Visits*		"	"
SysType	*System Type* Privatized or Non-Privatized Case management delivery services	0 – Non-Privatized 1 - Privatized	3 Binary Moderator	Sample
SOC1	*CFSR Safety Outcome 1*	1 – Yes 2 – No	Outcome Binary	CM Report
SOC2	*CFSR Safety Outcome 2*	1 – Yes 2 – No	"	"
POC1	*CFSR Permanency Outcome Composite 1*	1 – Yes 2 – No	"	CW Outcomes Report
POC2	*CFSR Permanency Outcome Composite 2*	1 – Yes 2 – No	"	"
POC3	*CFSR Permanency Outcome Composite 3*	1 – Yes 2 – No	"	"
POC4	*CFSR Permanency Outcome Composite 4*	1 – Yes 2 – No	"	"