



An Experiment That Has Failed: Privatization of Child Welfare in Nebraska

“Privatization of child welfare in Nebraska, as in several of the other states, began as part of an effort to reform a system viewed as failing in important ways. Unfortunately, the State is still not experiencing any measurable benefits ... Privatization has caused disruption and dissension among the parties and within the community without obvious benefits to children and families.” – Hornby and Zeller, [An Assessment of Child Welfare Privatization in Nebraska: Final Report](#)

BACKGROUND: In 2009, Nebraska launched a statewide child welfare privatization initiative. Within a year, four of the five original private contractors lost or ended their contracts due to financial and management deficiencies. By early 2012, there was only one private contractor left – Nebraska Families Collaborative (NFC). NFC covers the state’s Eastern region and the Department of Health and Human Services (DHHS) provides services in the other regions (Northern, Southeast, Central, and Western).

In February 2015, an independent evaluation concluded that privatization of child welfare services in Nebraska did not produce “any measurable benefits.” The study compared the performance of NFC workers with the performance of state child welfare workers in four areas: 1) compliance with laws and policy; 2) family engagement; 3) outcomes; and 4) cost.

“Privatization is an ideology in search of a problem.” – Child Welfare judge (page 38)

SUMMARY OF KEY FINDINGS

COMPLIANCE: Outcomes achieved for families and children by NFC are no better than those achieved by DHHS, but when the thoroughness of the plans is considered, DHHS workers performed better.

- Evaluators noted that NFC workers were more likely to copy and paste their descriptions of a case from one document to another without making any updates. In the most egregious instances, this involved situations in which children were no longer in the foster home being described. (p. 37)
- DHHS visitation plans tended to have more detail, such as dates, times and locations of visits; visit arrangements; who would be present; and how, if at all, the visits would be supervised. This information was missing from 20 percent of the NFC-produced plans. (p. 26)
- While both NFC and DHHS identified the strengths and supports, as well as the risk factors and needs of the families and children in more than 90 percent of the cases, DHHS did so more often. DHHS workers more often made a more holistic assessment of the family and child(ren), including the physical, cognitive and emotional level of development of family members, the family’s history of abuse and neglect; and any special conditions requiring specific services, and likely permanency options. (p. 26)

FAMILY ENGAGEMENT: There is no evidence presented in this assessment that indicates that a private agency did any better.

- The only difference identified between NFC and DHHS is that the NFC family meetings tended to have more service providers, not more family members. (p. 31)

- One of the arguments for privatization was that because of stigma, the public agencies are often viewed as adversaries. Instead, the privatized system created more confusion for family members dealing with many different NFC workers.¹ (p. 31)

OUTCOMES: Outcomes achieved for families and children by NFC are no better than those produced by DHHS.

- When DHHS meets national standards on reunification, adoption, stability, and well-being, so does NFC. (p. 33-37)
- Privatization failed its goal of reducing the number of children in foster care. The proportion of state wards in out-of-home care has remained steady at around 70 percent over the last five years. (p. 4-5)

COST: The report did not find any cost savings.

- Any apparent cost savings appears to be a result largely of shifting costs to the clients and to Medicaid, where they impact the state budget but do not get counted as child welfare costs. The first is to get Medicaid to pay for it; the second is to get the client to pay all or part of the cost. Clients and Medicaid are paying the difference in costs. DHHS does not seek client payments for services. (p. 42)
- The largest cost associated with privatization however is the federal disallowance of child welfare funds, which resulted from the structure of the privatization contracts. In 2014, a federal audit by the Administration for Children and Families found that Nebraska misspent nearly \$22 million in Title IV-E foster care dollars because of inadequate documentation from the private agencies.² (p. ix, page 53)
- Nebraska is now covered by a five-year waiver, which restores most of the level of funding the State previously received, but it also limits what the State can be reimbursed with regards to training and SACWIS (state's automated child welfare system). In other words, Nebraska continues to lose out on available federal funds because of issues created by how the collaborative is paid. Once that waiver expires though, these issues will re-emerge and will be even more complicated. (p. 50-51)

CONCLUSION

"Privatization promised better outcomes at a lower cost, and that has not happened. It was, perhaps, a worthy experiment, but it has failed." (p. xii)

Privatization has failed to live up to the rosy promises of improving services and reducing costs. This study concludes that the private system has not produced savings or performed better than the public system. The study shows that public sector child welfare workers are more thorough in their assessments and the public system is less confusing for families. Services in the Eastern region should be returned to DHHS, as they have been in the rest of the state. Maintaining the status quo is indefensible.

¹ The Hornby and Zeller report mention that until recently, "NFC's staffing situation settled down so that turnover has been reduced." (p. 54) No comparative staffing data is presented, but higher turnover in private agencies has been recorded in most instances of privatized child welfare systems, such as in Kansas, Florida, and Philadelphia.

² Letters from Administration for Children and Families to the Nebraska Department for Administrative Services regarding Title IV-E Foster Care findings accessible at:

http://www.auditors.nebraska.gov/APA_Reports/2014/SA25-01222014-Federal_Government_Foster_Care_Letters_To_Nebraska_FY2011_And_FY2012.pdf