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Identifying Differences Between Privatized, Partially Privatized, and Non-Privatized State Foster Care Systems: A Comparative Study Examining Efficiency and Effectiveness

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy at Virginia Commonwealth University.

by

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Dedication

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Abstract

IDENTIFYING DIFFERENCES BETWEEN PRIVATIZED, PARTIALLY PRIVATIZED, AND NON-PRIVATIZED STATE FOSTER CARE SYSTEMS: A COMPARATIVE STUDY EXAMINING EFFICIENCY AND EFFECTIVENESS

By: D. Crystal Coles, Ph.D.

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Virginia Commonwealth University, 2015

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Privatization of the public child welfare system has become increasingly popular since its introduction in the early 1990s. State governments that initiate the privatization of foster care services rationalize the changes with claims of effectiveness and/or increased efficiency of services for children and families. There has been no real focus on identifying what efficiency of the system means for children and their families, nor what aspects of effectiveness focuses on children in foster care. As a result, the unintended consequences of this total restructuring of foster care bureaucracy, through the privatization of the state foster care system – and its impact on the organization service delivery and the child – are as yet unknown.

The primary aim of this study is investigate whether or not there are differences between state foster care systems and their levels of privatization, as well as the differences in states' rates of efficiency and effectiveness with regard to a child's trajectory of experience within the foster care system. Through the analysis of existing data on state-based child welfare service

performance this project intends to increase the knowledge regarding the privatization of public child welfare systems and its effect on efficiency and effectiveness of service delivery.

Chapter One: Statement of the Problem

The Case

This was the second time that Jasmine (age 9) and James (age 7), had been in foster care custody. The two children had experienced numerous foster home placements and had not been consistently in school. In their previous case, parental rights had been terminated, so Jasmine and James' case was transitioned to an adoption status and a maternal cousin, Alexis, and her husband Steve decided to pursue adopting the children. Given that Alexis and Steve were relatives, the adoption process was quickly finalized and the children were placed with them almost immediately.

One day, Jasmine went to school and conveyed to a teacher that she had been unable to complete her homework as a result of being locked in her room for the evening. When the teacher asked her to describe what she meant, Jasmine explained that when she misbehaved she had things taken away and was locked in her bedroom. Her teacher became concerned and after discussing the situation with her principal, she decided to report the incident to the authorities. The report immediately triggered an investigation that resulted in finding that there were issues within the home environment; however, Jasmine's bedroom had some major concerns. First, the walls, floors, and windows were all painted black. Second, there was no bedroom furniture, clothes, toys, or anything else in the room; the room was empty. Third, small holes on the floor were filled with urine and feces. During an interview with the parents, they explained that Jasmine had a variety of bad behaviors. Thus, for every bad behavior they took items out of her room, which they also conveyed was supported by Jasmine's psychologist and psychiatrist. When asked about the urine and feces, and their awareness regarding Jasmine's defecation within the room, the parents explained that they indeed aware of it. Alexis and Steve believed

that Jasmine deserved to be locked in her room and that Jasmine would urinate and defecate in her room to spite them. Thus, they felt it appropriate for her to stay within the room in its condition.

In addition to concerns with Jasmine's room, there were locks on the refrigerator, and each of the cabinets in the kitchen. When searching the home, investigators also noticed that there were cameras located in each room of the home, including the bathroom. Interviews were conducted with each child and it was determined that the children were terrified of their adoptive parents. As a result of the alleged emotional and mental abuse that each child had experienced, Jasmine and James were placed into state's custody and immediately entered the foster care system for a second time.

Receiving the Case

From the time that the referral for a case consult was received, it was evident that this case was different. For one thing, there was already a more seasoned clinician assigned to the case and she had been observing visits for a few weeks. The other clinician, Chantel, was also a social worker and had worked with children and families as a clinician for almost 20 years. I received the case referral after a year of the siblings' placement in foster care. I staffed the case with the case manager who explained that the case was at a standstill because the parents had completed all of their court orders and the therapists involved in the case were unable to provide insight into whether or not the children should return home. The case manager also felt that Jasmine's behaviors were considered the primary reason for the actions of the parents, so the primary focus of the case had been assisting the parents in learning how to handle a child with behavioral concerns. At this point in the case, there were no valid reasons to not return the

children home; however, the case manager's supervisor wanted to have a more thorough clinical consult completed. Consults were conducted by a licensed clinician and included caregiver-child visitation observations, meetings with therapists or other professionals involved within the case, and consulting with the children about their opinions and experiences.

Meeting Alexis and Steve

For our first meeting, we arrived prior to the children's scheduled visit, so that we could meet with Alexis and Steven alone. We discussed their perspective of the case and it was evident that they felt that Jasmine was at fault for the children's placement in custody. The couple provided us with a tour of the home and it was apparent that Jasmine's room had only bare necessities including dark eggplant painted walls, a bed, and a dresser; James' room, however, was a traditional child's room filled with toys, clothes, and decorated walls. After viewing the rooms, we were led downstairs towards a dark hallway into the basement. The playroom was entirely made out of cement—all of the walls and the floor were cement. It was a very cold room and many toys were placed on shelves that went from the floor to the ceiling. These shelves were on all but one wall, which instead had a sofa. The sofa had a small table in front of it with a small child size desk next to the sofa.

Once the children arrived to the visit, we observed numerous instances in which the children appeared frightened to speak, move, or act without permission. And as Chantel and I became more familiar with the parents and the children, the levels of emotional abuse became apparent. Alexis often chastised Jasmine for minor infractions, and forced her to watch James reap the benefits for his intensely obedient behavior. James would not complete any action without Alexis' or Steve's permission and he spoke so quietly that I often had to be close to him

to hear him. It was evident that there were extreme levels of emotional and mental abuse present, so Chantel and I staffed this case often with our supervisor. She suggested we search the literature to support our clinical findings; however, there was very little about emotional abuse; particularly in social work literature. We were beginning to feel stuck and we struggled with how we could ensure that these children would not return to a toxic, emotional, and mentally abusive home environment. Even worse, we had nothing from clinical literature to support our observations. We had no idea what to do.

The Meeting

After having the case for three months, and observing weekly visits, Chantel and I received an email from the administrator of our department that explained that there was a mandatory staffing for this case that required our presence. Having worked for the agency for many years, it was abnormal for an administrator to become involved in a case at this level. After meeting with our supervisor, Chantel and I staffed the case privately and realized the meeting would include not only our supervisor, but the case management team and the director of our department as well. It was at that moment that we realized that this was not a staffing, but that there were some concerns regarding our work with this family.

The day of the meeting, Chantel and I worked to come to a consensus about the case. While we were at our cubicles, I noticed the director, administrator and case management team, including their supervisor and director going towards the staffing room. In that moment, I knew that this meeting was going to be different. In all the years I had worked at this organization, I had never seen administrators involved with cases like this one unless something was seriously wrong. It caused me to consider: what were Chantel and I about to walk into?

When we got into the room, the administrator began by asking about our progress on the case and Chantel began to respond. Before discussing our findings, Chantel requested that she be able to provide some case background. While she was discussing our perspective and observations, I began to observe the people seated at this table. They appeared to have little interest in the details Chantel discussed. And as I was sitting there, I realized that Chantel and I were in over our heads. Chantel continued to talk about the case and at one point the administrator abruptly stopped and said, “I’m going to stop you now, because that information is irrelevant. We’re not going to talk about the kids, because that’s not what’s important here”. Chantel, seemingly frustrated at this point, continued to speak and I could tell that she was thinking, “Maybe they do not understand where we are coming from”. However, I had realized something: this was never about the kids. There had been some troubling concerns with the agency recently, and as clinicians, we often found ourselves in advocacy situations for our clients and against the agency’s administration. And it felt like we were losing most of the time. But in that meeting and in that moment, when our administrator said “We’re not talking about the kids, because that’s not what’s important here,” I finally understood what this was all about: the money regarding the privatization model taking over Kansas’ public child welfare.

After the meeting, I began to wonder: when had we, foster care professionals, switched the focus of our system from having an emphasis on the child? It was after that meeting that I decided that our administrators were focused on the wrong thing. I mean, were there other agencies going through this? Why was the child not the focus of practice? And how did privatization fit into that? These questions led me to understand that the system needed to change and I needed more education if I wanted to truly take part in altering the foster care system.

Beginning the Research Journey

When I began the doctoral program, my substantive area had an emphasis on developing an instrument to measure emotional abuse. My hope was to develop an instrument that could assist clinicians in a manner that would have been helpful for me in practice. However, as I considered developing the instrument and how it would be utilized in care, it occurred to me that the instrument was not the place to start. To understand how the child welfare system had shifted its focus away from being focused on the child, I had to understand policy and the differences between systems that were privatized and not privatized. So, I started from the beginning and realized that to truly understand privatization, policy, and impact of the two on the foster care system---I needed to start with understanding how and why states had become privatized. This is the journey to understanding the complexity of privatization within the context of policy, its application within the foster care system and its connection to the children like Jasmine and James that we serve within the foster care system.

The Transition of State Foster Care Systems: Extent of the Problem

Over the last few years, numerous states have decided to transition from state-run foster care human service models created through legislation and charged to implement public social policies (O'Connor & Netting, 2009) to managed care privatized models that are grounded in performance-based contracting (Steen & Smith, 2012). State governments that initiate the privatization of foster care services rationalize the changes with claims of effectiveness (Chi et al., 2003) and/or increased efficiency of services for children and families (Freundlich & Gerstenzang, 2003; Stone, 2002; Gillespie, 2000; Petr & Johnson, 1999). Please note that there is no clear definition for what constitutes efficiency for states or service providers; however there

are some instances in which state foster care systems allude to efficiency and cheaper service provision being the same.

The decision to transition the public child welfare (PCW) system to a privatized system has implications for a complex causal system—social systems that are inherently complex as a result of attending to societal needs (Stone, 2002). The idea of applying privatization to the public child welfare system was a response to the challenges that the federal regulations presented to state governments. Various plans for privatization were discussed throughout the individual states, with several states favoring a large-scale transition to privatization; other states decided to apply privatization at a slower and partial rate, or not at all.

Evaluating States' Decisions to Privatize

In evaluating states' decision to privatize, the priority for many states appears to be an emphasis on transforming a dysfunctional system into one that ensured that federal outcomes were met by the state, rather than focusing on improving the way the state-ran system provided services to children and families (Freundlich & Gerstenzang, 2003). Often times, states do not complete any prior research on how privatization may affect the children and families in the foster care system, the employees working for the state, or the agencies that were bidding on services (Loson, 2009; Zullo, 2006). For example, in the early stages of privatization, the state of Kansas worked with state-funded agencies to identify performance outcomes that contractors would be required to meet (Loson, 2009). Given the lack of data being collected by the state, the development of outcomes was not based on research, statistical information, or other sources of data. This resulted in the development of performance outcomes that were inappropriate for systemic objectives and unattainable for contractors (Loson, 2009).

The following are examples of outcomes developed for foster care agencies within the state of Kansas (Freundlich & Gerstenzang, 2003, pg. 59):

- *Outcome 1: Children are safe from maltreatment,*
 - *98% of children in out-of-home placement will not experience substantiated abuse/neglect while in placement*
- *Outcome 2: Workers will maximize the well-being of children,*
 - *70% of children will have no more than four placement settings subsequent to referral*
 - *70% of all children will be placed with at least one sibling*
 - *80% of youth aging out of the child welfare system will be prepared for transition to adult life as indicated by a score of 20 or more on the Preparation for Transition to Adult Life Checklist*
- *Outcome 3: Children move toward permanency in a timely manner,*
 - *40% of children placed in out-of-home care are returned to the family, achieve permanency, or are referred for adoption within six months of referral*
 - *65% of children placed in out-of-home care are returned to the family, achieve, permanency, or are referred to adoption within 12 months of referral to the contractor*
 - *90% of children who are reintegrated do not reenter out-of-home placement within one year of reintegration*
- *Outcome 4: Family members will be satisfied with the services provided*

- *80% of participants, including caregivers and youth ages 16-21, will report satisfaction as measured by the Client Satisfaction with Family Reunification Services Survey 90 days after referral or at case closure*

The outcomes that were developed for Kansas were also used as examples for other states that implemented privatization (Freundlich & Gerstenzang, 2003). However, in assessing the outcomes, it is evident that states did not take into account the situational reasons for a child's placement in custody or the social worker's capacity to assist the family in meeting these outcomes (Hubel, Schreier, Hansen, & Wilcox, 2013). Each of the goals has measurable tasks attached to them that can be considered unreasonable and difficult for service agencies to maintain, given the trajectory of the child's experience in foster care. For instance, when a child enters foster care, the child is placed in an emergency placement for a short period of time; the child is then transferred to another placement with the intention of it being a permanent placement (Font, 2014). Those two placement moves are counted towards Outcome #2 which states that a child should not have more than four placements. Even before any situation takes place that might contribute to disrupting a placement, such as a child harming themselves or others, the ability to meet Outcome #2 is highly unlikely, particularly given that privatization has been found to increase the number of placements a child has while in care (Steen & Duran, 2013).

The Implication of Power within the Implementation of Privatization

Whenever systematic restructuring takes place, there is a reallocation of power within that structure (Stone, 2002). Privatization was described as a way to enhance the economy and develop efficiency in the public child welfare system. Power and politics theory acknowledges the importance of influence, politics, and informal power within organizations, beyond

traditional views of authority as legitimized power (O'Connor & Netting, 2009). Politics are a crucial aspect regarding the decision to privatize (Henig, 1989) and cannot be dismissed as an inconsequential aspect of the process of privatization (Morgan & England, 1988). Privatization is based on rational behavior (rational choice theory), thus emphasis is placed on maximized production for the cheapest cost (Lewis & Widerquist, 2002; Stone, 2002).

Political frame and political power influence the nature of the foster care system. Thus, political figures had large amounts of power provided by constituents; powerful agencies had a mid-range level of power; while direct service workers had little power in the decision to privatize. Political power and economics contributed to the decision-making process in determining states' decision to privatize and whether or not other states should transition to privatization (Steen & Smith, 2012; Henig, 1989).

The Intersection between Policy and Practice

Social welfare policies have largely been developed on the basis of inequities (Quadagno, 1999) and states' utilization of a privatized model may have indeed contributed to a system that is now outcome based; outcomes which appear to be removed from the reality and the well-being of the child. Though the use of a privatized public child welfare system may shift the responsibilities of service provision from the state to a contractor, the state continues to maintain an ultimate level of power and control of the system. In other words, the implementation of privatization enhances the state's power within the public child welfare system while lessening its responsibility because contracts in privatization extend the domain of the state into private organizations responsible for service provision.

Ambiguity surrounding implications of privatization and the meaning of the state's transition to privatization for children, families, and service providers has contributed to policy makers placating both sides of the argument (Zullo, 2006). The vagueness regarding the implications for privatization allows for the assumption that the policy is inclusive of multiple perspectives; however, only the rational perspective of the policy is accepted, not the nonrational perspective (O'Connor & Netting, 2011). Gaining an understanding of the implications of privatization through research is highly important. Political decisions seem to have guided other states to adopt the Kansas model and other models of privatization without rigorous understanding of the implications across all of the complex systems involved in public child welfare.

Knowledge regarding the dialectal interaction between policies and practice (Quadagno, 1999) has the ability to assist social workers in power enactment—the utilization of individual power—which can increase consciousness within social work practice. The politics behind privatization are supported by political validation and goal claims that privatizing public child welfare brings positive results. Those results are primarily related to children proceeding through the system at a faster pace (Freundlich & Gerstenzang, 2003), identification of performance standards to hold agencies accountable (Unruh & Hodgkin, 2004), as well as cost-effectiveness (Freundlich & Gerstenzang, 2003). But is that enough to call privatization a success?

Research Gaps Regarding Systemic Efficiency and Effectiveness in Privatized Public Child Welfare Systems

Despite the vast amount of literature related to the operations of the public child welfare system, minimal research has been conducted regarding privatization generally and its levels of efficiency and effectiveness specifically. Essentially, the implementation of privatization was meant to ensure cost-savings for the state, which was believed to ultimately save the state money through increased efficiency (Freundlich & Gerstenzang, 2003). Within the literature, effectiveness is discussed as a primary purpose for PCW systems to privatize; however, there is minimal definitive discussion as to what effectiveness can be considered and even less regarding the effectiveness of privatization in the context of PCW. Privatization has been identified as an option that would enhance government efficiency and could provide a better level of effectiveness regarding public child welfare services (Ram, 2012; Freundlich & Gerstenzang, 2003). However, without data to support these claims, or operationalized definitions of efficiency and effectiveness, the impact of privatization on the PCW system is unknown.

Purpose of the Study

When considering the complexity of privatization of the PCW system and the implications of its functioning on the various systems involved including organizations, workers, children and families it serves, an assessment of the multifaceted policy is a necessity. Identifying the state's reasoning for its use of privatization, while also detecting the issues related to the implementation of a privatized model for the state, contractors, and the organizations responsible for service provision, is important. This supports an inference that though implementation of the model of privatization provided a level of organization in a chaotic

system, the impact of the transition and the implementation process on the system created levels of concern that were overlooked due to political exigencies.

States that have implemented models of privatization have done so as a result of believing that privatization increases efficiency of the system and effectiveness of the services provided. However, the rationale behind privatization does not support the opinion that privatization models produce cost-savings or effective services (Hubel, Schreier, Hansen, & Wilcox, 2013). Concomitantly, the conceptualization of system effectiveness has little definitive context and has not been assessed in the research. An examination of national child welfare system data centered on efficiency and effectiveness may provide additional insight into this issue. The primary aim of this study is investigate whether or not there are differences between state foster care systems and their levels of privatization, as well as the differences in states' rates of efficiency and effectiveness with regard to a child's trajectory of experience within the foster care system.

Goals of Research

The public child welfare system is charged with the duty to protect children is inclusive of three primary sections including family preservation and child protection services (CPS), adoption, and foster care (Pecora et. al, 2010). Of the three sections, foster care services have maintained the highest costs for many years (Freundlich & Gerstenzang, 2003); thus, foster care services are central to the public child welfare system and can serve as a stable comparative measure of efficiency and effectiveness. This research is intended to add to the empirically based information regarding present and future approaches to privatization of child welfare. This dissertation seeks to answer the following questions:

1. Are there differences between privatized, partially privatized, and non-privatized state foster care systems?
2. Are there differences in rates of efficiency for privatized, partially privatized, and non-privatized state foster care systems?
3. Are there differences in rates of effectiveness for privatized, privatized, and non-privatized state foster care systems?

Through the analysis of existing data on state-based child welfare service performance this project intends to increase the knowledge regarding the privatization of public child welfare systems and its effect on efficiency and effectiveness of service delivery. This information while important to state policy makers is also crucial to the whole system including organizations contracted to provide services. Transitions to privatization have large effects on organizational practice and have been seen to be problematic for organizational structure and practice (Freundlich & Gerstenzang, 2003). Non-governmental organizations interface with government policy at federal, state, and local levels; thus an analysis of privatization can provide an in-depth understanding of the phenomena, as well as what is occurring to the children within privatized, partially privatized, and non-privatized systems.

The Dataset

This study utilized a secondary data analysis to investigate questions related to the efficiency and effectiveness of privatization of the PCW system. The Adoption and Foster Care Analysis and Reporting System (AFCARS) data are collected annually by The Children's Bureau and funded by the Administration on Children, Youth, and Families, U.S. Department of Health and Human Services (Adopting and Foster Care Analysis & Reporting System, 2002).

The data collected are case based data provided by the primary worker, gathered at the unit and agency level, provided to state and then compiled for submission to the federal government. The data are housed in the National Data Archive on Child Abuse and Neglect (NDACN) at Cornell University. The dataset includes aggregated state-level data regarding every child placed within the foster care system in the United States. The methodological approach to analysis of the dataset is described in Chapter 3.

Findings from the Study

Chapter four presents findings from the analysis conducted with the AFCARS data. The chapter begins by summarizing the steps taken to prescreen the data. This is followed by the procedural steps taken within the analysis of the data. Next, the chapter presents the results from the analysis, as well as support from the literature regarding the findings. Lastly, the chapter ends with a summary of the findings.

Discussion and Implications from the Study

In chapter five, findings and implications from this study are discussed. As mentioned throughout this study, research regarding privatization of public child welfare is fairly limited. An aim of this project was to approach a complex issue, with an existing national dataset, to begin the examination of a difficult issue and document it with empirical evidence. The chapter ends with a discussion regarding the implications of the study of the study with regard to social work education, social justice, policy, social work practice, and research.

Chapter Two: Literature Review

Introduction

The American government has maintained a role ensuring the safety and well-being of abused and neglected children for over 100 years. In the beginning of its involvement, the government assumed a role primarily as a financier, as opposed to providing the oversight and funding that federal and state government maintains today. Earlier in child welfare history, orphanages were run by individuals who often sought funding from community members, and eventually, governmental support. However, as times progressed, the identification of child abuse & neglect as an increasing area of concern for states precipitated the formation of extended governmental involvement with concern for the safety and well-being of the child (Pecora et al., 2000) at the federal, state, and local levels of government.

Consequently, the U.S. government has utilized social contracting—a contract which provides the ground rules for service provision between the government and a nonpublic business entity—(Donaldson & Dunfee, 1994), as a mechanism for service provision and production since the 1930s and 1940s (Collins-Camargo, McBeath, & Ensign, 2011; Casey Family Programs, 2010; Humphrey, Turnbull, & Turnbull, 2006). These social contracts have contributed to reshaping the delivery of services typically provided by states, to include utilizing a private third-party to act on behalf the state. The transition to a social contract mechanism is often times precipitated by federal policies that impact state service provisions and require that states alter their systemic functioning in an effort to meet certain federal requirements. Social contracting is often a mechanism within the public child welfare system and grounded in a model termed “privatization”. The two primary policies that have contributed to state’s transitioning to

privatization are the Adoption Assistance and Child Welfare Act of 1980 (AACWA) and the Adoption and Safe Families Act of 1997 (ASFA).

State governments that initiate the privatization of foster care services rationalize the changes with claims of effectiveness (Hubel, Schreier, Hansen, & Wilcox, 2013; Chi et al., 2003) and/or increased efficiency of services for children and families (Hubel, Schreier, Hansen, & Wilcox, 2013; Freundlich & Gerstenzang, 2003; Stone, 2002; Gillespie, 2000; Petr & Johnson, 1999). For example, states such as Kansas may develop specific service indicators or outcomes such as: the number of times a child has been removed from the home; the number of placement settings a child experiences during their placement in foster care; or the number of days spent in out-of-home placement. All of these service indicators could be considered a measurement of both increased quality and lowered system costs. These indicators are often portions of a social contract between a state and a private agency; thus, providing guidelines for agency service provision, as well as connecting expectations to the overall costs of care for the child in custody.

The privatization of state child welfare services varies from state to state; which means there is not one specific model of privatization implemented in the United States. However, there appear to be three primary strategies of privatization that states use in public child welfare: *fully privatized*, *partially privatized*, and *non-privatized strategies* which will be the focus of this discussion. In states that utilize a *fully privatized* system, all sections of the public child welfare system are privatized, with the exception of investigative services, also known as Child Protective Services (CPS). In state systems that use a *partial privatization* systemic strategy, one or two sections of the public child welfare system are privatized (e.g., foster care, or foster care and adoption only). Lastly, *non-privatized* state public child welfare systems take the responsibility of providing the full range of services to children and their families deemed in

need of services (Freundlich & Gerstenzang, 2003). Note that foster care services are a consistent focus in all the above strategies.

To better understand the implications of privatization and its relationship to the public child welfare system, research that focuses on the efficiency and effectiveness of privatization in a foster care system is needed. In addition, a more thorough comprehension of privatization is needed due to privatization's impact on the organizations contracted to provide services. Transitions to privatization have large effects on organizational practice (Freundlich & Gerstenzang, 2003; Meezan & McBeath, 2003) and are often problematic for organizational structure and practice, which can further negatively impact a child's trajectory of experience in the public child welfare system. Non-governmental organizations (both non-profit and for profit types) interface with government policy at federal, state, and local levels; thus an analysis of privatization can provide an in-depth understanding of the phenomena and its functionality at many different levels. Also, in analyzing data regarding the impact of privatization, the results could serve as an impetus to alter child welfare system functioning for the betterment of service delivery for the child. The following section highlights the transition from privatization as a business mechanism to its utilization as a managed care strategy within the public child welfare system.

Understanding Privatization

Privatization as a Business Model

In the United States, the evolution of privatization began in the 1980s as an emerging concept in the government's public agenda. Privatization can be described as "the provision of publicly-funded services and activities by non-governmental entities" (Freundlich & Gerstenzang, 2003, p. 2). In 1987, the President's Commission on Privatization was established to develop a

stronger inclusion of private interests' inclusion in policy in the areas of air-traffic control, prisons, the postal service, and schools (Henig, 1989). Throughout its development, the concept of privatization was recognized as a legitimized link between governmental actions and societal circumstances (Henig, 1989); in other words, a social contract. Within the area of business/government partnership, the intent of privatization is to lower costs of services, and through effective service provision increase a competitive economic market (Van Slyke, 2003). For instance, in response to societal need for assistance with resources such as transportation and waste, state governments have accessed private providers to ensure effectively meeting the needs of society while controlling costs (Gibelman, 1998). Thus, public arenas such as education, transportation, waste removal, electrical utilities and management of prisons have employed strategies of privatization that have proven to lead to cost savings and more efficient (if not effective) services (Van Slyke, 2003; Blank, 2000). However, evidence of privatization leading to cost-savings for social service providers is limited (Van Slyke, 2003).

Models of privatization are grounded in an economic perspective that is based in the study of economic markets for specific services and goods; thus supporting the concept of increasing efficiency via competition (Bodog et al, 2009; Henig, 1989) in the service provider market. From an economics perspective, microeconomics has an emphasis on the economic market without partiality for the well-being of individuals (Lewis, & Widerquist, 2002). Instead, there is more of a focus on particular goods and the difference among the agents producing or selling goods. While in the American government, as it pertains to social welfare, the government maintains the responsibility for the provision of resources for the poor and the oppressed (Axinn & Stern, 2007). The conceptualization for models of privatization has a foundation in the application of economic principles pertaining to the governmental position/responsibility regarding the welfare

state and the redefinition of the state governmental service provider practices and responsibilities (Henig, 1989).

As a business model, privatization is grounded in the belief that the relationship between the public and private sector of business markets can be utilized as a strategy to reverse budget problems in the public sector. That thinking has led to the supposition that privatization can contribute to successful and cost efficient changes in policy and practices in public child welfare (Henig, 1989). These beliefs stem from an understanding that privatization allows the government to do the work of administering (monitoring and evaluating) and thereby assuring effective services (Henig, 1989), as opposed to directly producing or delivering them in a cost savings method. The model of privatization allows the transitioning of past state governmental practices to the private sector, employing a contractual relational technique, along with the addition of economic theory to formulate a “political strategy for institutionalizing change” (Henig, 1989, pg. 664).

Efficiency and effectiveness in business. As a result of privatization being grounded within a business model, it is essential to consider how efficiency and effectiveness are discussed within the business world. In business, efficiency and effectiveness are key elements in achieving a successful business performance (Lu & Hung, 2011; Mouzas, 2006). Efficiency—the allocation of resources (Lu & Hung, 2011) has a variety of meanings and dependent upon the specific business to determine how efficiency is described and measured. Despite the varying ways that businesses may define efficiency, it is often tied to production; or in other words: costs (Lu & Hung, 2011; Mouzas, 2006; Barros & Mascarenhas, 2005). Conceptually, the belief is that maintaining lower costs will increase profits (Osadi & Israel, 2010). On the other hand, effectiveness—a business’s ability to generate strategic growth (Lu & Hung, 2011; Mouzas,

2006), is typically defined in similar ways for many businesses (Lu & Hung, 2011; Mouzas, 2006). Thus, effectiveness is often a continuous process and regularly negotiated between the business and its consumer, rather than only produced by the business (Mouzas, 2006). In spite of their definitions, efficiency and effectiveness are connected in business in that for a business to ensure maximum efficiency, the product provided must maintain a balanced level of effectiveness (Yu & Lee, 2009). Even though efficiency and effectiveness are connected, the primary goal of all businesses is to minimize cost and maximize profits (Osadi & Israel, 2010), which is a foundational belief grounded in an economic perspective.

The Economics Behind Efficiency and Effectiveness

Historically, social welfare has been largely impacted by economics (Lewis & Widerquist, 2002) and the policies that social workers are enacting and implementing are a result of the current economic structure principally based in business approaches that favor efficiency and effectiveness. In economics, *efficiency*—the allocation of an unalterable good to ensure the betterment of the individual while not placing an individual in a worse position (Lewis & Widerquist, 2002) – is crucial to the economic market (Blackstone, Buck, & Hakim, 2004). For example, if there were only two businesses providing a service in a particular economic market with one business having seven clients and the other having 12, each business needs to grow and expand their client base to assure economic viability; however, to do so would require that one business lose the clients that the other gains based on assumptions of who wants or needs the service being provided. This ensures that the allocation of goods are efficient (services to 19 clients by one business at a lower cost than for the work of two) within the market the good is in.

As a concept, *effectiveness*—the performance of an entity (Ram, 2012), is grounded in traditional organizational functioning. Effectiveness can be linked to achievement of desired outcomes and products (O'Connor & Netting, 2009; McConnell, Burwick, & Perez-Johnson, 2003) at a sufficient level of quality to determine proof that effectiveness is occurring within an organization. In the previous example, services would be both efficient and effective if the service provided to the 19 clients in one business was equal in quality to that which was provided by the two businesses before moving to a more efficient or low cost way of delivering services. These efficiency and effectiveness expectations may not be as straightforward in the context child welfare system.

Understanding Efficiency and Effectiveness in the Context of Public Child Welfare

The influence of politics on economics and its impact on public child welfare knowledge related to a political framework inclusive of economics is also of interest when comprehending the functionality of models of privatization (Hansenfield & Garrow, 2012; Morgan & England, 1988). The two primary components of economics and business that dictate the overall functioning of the foster care system, --*efficiency* and *effectiveness*—(Freundlich & Gerstenzang, 2003) remain the criteria for successful organizational performance and productivity. In searching the literature, many authors discuss the importance of efficiency and effectiveness with relation to privatization in public child welfare (Hubel, Schreier, Hansen. & Wilcox, 2013; Casey Family Programs, 2010; Myslewicz, 2007; Craig et al., 1998; Freundlich & Gerstenzang, 2003; Gillespie, 2000), and the dubiousness of the effectiveness of the child welfare system (Pecora et al., 2010). However, there were only two sources that specifically defined *efficiency*—costs of services provided (Freundlich & Gerstenzang, 2003; Gillespie, 2000) – and one source that

defined *effectiveness*—client improvement (Gillespie, 2000). These definitions guide the work of this project.

In a study conducted by a government alliance inclusive of the American Public Human Services Association, Child Welfare League of America, and the Administration for Children and Families (2001), a survey was conducted with 45 of the 50 states in the United States that provided public child welfare services. The study found that the average state operating budget for foster care services was \$285 million, with a range from \$45 million to \$1.3 billion per year. These services are inclusive of the development of appropriate state outcomes including: safety for children, timely permanency, appropriate case load levels for social workers (Steen & Smith, 2012; Roin, 2011; Steen & Duran, 2010), accountability for agency actions, as well as the necessity of more social workers in agencies (Lewandowski, 1998). These findings suggest that the efficiency of the foster care system must continue to be emphasized as part of the overall functioning of the child welfare system.

In an effort to attain the utmost cost-saving model that ensures the efficiency of the system, states utilize various models of privatization. State governments often claim that privatization has the capacity to ultimately save the state money (Steen & Smith, 2012; Chi et al., 2003; Freundlich & Gerstenzang, 2003); however, research has not supported this perspective. Knowledge regarding child welfare bureaucracy with its rules and structure for order (Lipsky, 2010) and the interconnectedness of children within the bureaucratic environment of the foster care system, is critical for adequately assessing the efficiency implications and consequences of privatization. Here we are not simply able to look for the lowest cost per unit of service to determine efficiency. To date, this appears absent from considerations of privatization.

Within the child welfare system shaped by federal and state policies, defining and assessing effectiveness in the foster care system has been especially problematic when considering the children that the system is charged with protecting. For instance, it has been consistently reported that children of color are disproportionately placed within foster care system (Blackstone, Buck, & Hakim, 2004; Pecora et al., 2000; Craig et al., 1998). African-American children comprise 17% of the population, yet 55% of the children waiting to be adopted are African-American; this is in stark contrast to Caucasian children, who comprise 66% of the population and make up 26% of those awaiting adoption (Blackstone, Buck, & Hakim, 2004). The effectiveness question here, first, is whether or not the system is actually protecting children at risk; and, secondly, whether or not those identified at risk achieve permanency.

African-American children are the most likely to “age out” or exit the foster care system without permanency and out of the system without needed resources to assume adult roles in society (Pecora et al., 2000). Children who age-out of the foster care system are more prone to experience homelessness, continue the use of social services, and attain high rates of failure to complete their secondary education (Pecora et al., 2000) Thus, if the primary purpose of the foster care system is to identify and enact permanency options (Yampolskaya et al., 2004) for children identified at risk (Pecora et al., 2000) and a child exits the foster care system without a permanency resource, then ageing out of foster care can be viewed a failure of the system (Blackstone, Buck, & Hakim, 2004; Craig et al., 1998). The aging out of so many children is also a measure of effectiveness failure, no matter how cheaply the foster care services were during these children’s time in foster care. Within foster care can efficiency and effectiveness be achieved equally? The move to privatization is based on an untested assumption that the answer is “yes”.

Managed Care: The Conceptual Ground for Child Welfare

The move to privatization of public child welfare systems did not happen overnight. Instead there has been a slow movement in that direction. Privatization was modeled after the managed care—a set of strategies controlling service cost and utilization— (Cook et al., 2004, pg. 387) method used within the health care system (Steen & Smith, 2012; Blackstone, Buck & Hakim, 2004). Developed in the 1970s, managed care was formulated to restructure the health care system fee-for-payment structure (Cook et al., 2004; Westat & Chapin Hall Center for Children, 2002; Wulczyn & Sheu, 1998), which was believed to be the primary reason for the higher costs of medical care. Within traditional managed care strategies, patients selected health providers, so the providers determined the costs for services and third-party vendors (insurance companies) paid for the costs (Westat & Chapin Hall Center for Children, 2002). The underlying intention of a managed care strategy is to maximize value for all parties involved (McCullough & Schmitt, 2000). A primary component of a managed care strategy is the entity responsible for setting the rules of the managed competitive market for contractors is a role that is typically represented by the state government. Based in the premise of a competitive economic market, a managed care strategy utilizes purchasing services from third parties, which are often times represented by private organizations or agencies. Managed care functions as a mechanism of rational microeconomic principles related to need, supply, and demand of the market (Wheelan, 2010; Lewis & Widerquist, 2002) as discussed earlier.

Based on the perceived past success of cost savings and – potentially – improved services, state foster care systems began to embrace managed care as a model of systemic reform, transferring managed care’s foundational principles to the foster care system (Garstka, Collins-Camargo, Hall, Neal, & Ensign, 2012; Freundlich & Gerstenzang, 2003; Wulczyn, 2000). The

medical model of managed care presumes that the formation of a competitive contract based market controls the cost of care, while maintaining the quality of the services provided (Mariner, 1995). Over the last few years, numerous states have decided to transition from state-run foster care human service models to privatized practice models influenced by managed care models and grounded in performance-based contracting (Steen & Smith, 2012; Ortega & Levy, 2008). In this way, the state provides contracts that include agency outcomes or performance based outcomes, as a means of measuring the private agency's progress (University of Kentucky, 2006; Martin, 2005). The contractual agreement between the private agency and the state, along with the formulation of performance based outcomes is demonstrative of a managed care model of service provision.

By the year 2000, states such as Kansas, Tennessee, Ohio and Illinois had shifted portions of foster care services towards a managed care strategy of functioning (Wulczyn, 2000). As a primary rationale for privatization, state governments that initiate the privatization of foster care services cite effectiveness (Chi et al., 2003) and increased efficiency of services for children and families (Ortega & Levy, 2008; Petr & Johnson, 1999). Other benefits of these systems transitioning to privatization include an increased focus on targeted outcomes, as well as the increased financial funding from the federal government that is provided via enacted foster care related policies (Courtney, 2000). Child welfare agencies are typically contracted to provide services, which consist of case management, foster care services, adoption, child protective services, and investigative services to the community (Everett et. al, 2007; Cyphers, 2001). With the exception of investigative services, private agencies are contracted to provide services and retain sole responsibility (care and control) of children in state custody. In other words, although states maintain custody of a child when services are provided, the state extends guardianship

responsibilities to the private agency, thus moving from managed care including purchase of services (POS)—contracting the private sector for service delivery— and case management to a privatization model (Freundlich & Gerstenzang, 2003). The following is a discussion of each stage of a shifting process, which should demonstrate the logical move to privatization as an assumed strategy to achieve both efficiency and effectiveness in at least the foster care segment of the child welfare system.

Case Management

In an effort to define a process for the management and purchase of direct services, case management has been utilized as a method within the privatization model (Carey, 2008). In using case management as a mode of transferring service provision to the private market, state systems introduce direct practice services as a mechanism to reinforce and ensure efficiency and effectiveness of service delivery. Thus, POS contracting promotes a goal of improving service provision for children in out-of-home care through increased contact with families, supervisory reviews, and frequent case reviews (Collins-Camargo, 2012). As a result, case managers maintain a role in which the professional assesses the needs of clients and are provided the authority to make primary decisions related to day-to-day case decisions (Casey Family Programs, 2010). Services are then selected based upon matching which services case management can provide for the lowest cost (Collins-Camargo, 2012) per unit, also being monitored by the case manager.

Theoretically, case management is an efficient tool because the management of services decreases costs services for the system, while also ensuring the effectiveness of service delivery through usage of POS; thus ensuring that POS enables case management operationalization in foster care. Within the varying state foster care systems, health care models such as managed

care strategies, have been utilized as examples for privatization formats (Collins-Camargo, McBeath, & Ensign, 2012; Casey Family Programs, 2010; Myslewicz, 2007; Loson, 2004; Freundlich & Gerstenzang, 2003;). The similarities to the managed care model include: one point of entry for services, pooled funding, and specific pay rates (Steen & Duran, 2010; Freundlich & Gerstenzang, 2003; Flaherty et al., 2000). In contrast to a typical noncompetitive fee-for-service contract, POS contracts typically offer three forms of pay rates that are used by state foster care systems with each having specified terms: capitated, capped allocation, or case rate (Freundlich & Gerstenzang, 2003). A capitated payment structure is a format in which contractors receive an annual set payment for each child in installments determined within the contract between the state and the private contractor (Myslewicz, 2007). Within this model, new clients do not generate new income for the state, but this does allow for a vast amount of how providers allocate resources (Freundlich & Gerstenzang, 2003; Wulcyn & Sheu, 1998). The consequence of this model is that the financial burden is shifted to the provider.

Whereas a capped allocation format is a predetermined fixed amount per client that covers all services to be provided by the contractor (Loson, 2009; Unruh & Hodgkin, 2004; Freundlich & Gerstenzang, 2003). The primary difference between a capitated payment structure and a capped allocation is that services are tied to a targeted population, as opposed to a general population of potential clients to be served (Freundlich & Gerstenzang, 2003).

Lastly, a case rate form of payment allocates funds for a per child basis and is a rate for the total cost of care for the duration of a child's placement in care, regardless of the services provided (Freundlich & Gerstenzang, 2003). Thus, unlike the other two forms of payment, the case rate format generates new income for each child that enters care. Typically, formulated case rate payment structures are based on organizational milestone achievements and performance

goals, along with the understanding that contractors are required to accept all referrals that the state sends to them (Freundlich & Gerstenzang, 2003; Zullo, n.d.). These varying financial models shift the financial risk of the state government to private contractors who assume the responsibility of service provision (Freundlich & Gerstenzang, 2003).

Despite the vast amount of research related to the public child welfare system, there is limited research that addresses the concern of the unintended consequences and implications for children within the foster care system when transitioning to a privatization practice model (Steen & Smith, 2012). There has been no real focus on identifying what efficiency of the system means for children and their families, nor what aspects of effectiveness focuses on children in foster care. As a result, the unintended consequences of this total restructuring of foster care bureaucracy, through the privatization of the state foster care system – and its impact on the organization service delivery and the child – are as yet unknown.

Purchase of Service Contracting in the State Foster Care System

Privatization of the public child welfare system has become increasingly popular since its introduction in the early 1990s. The effectiveness, cost, and scope of the public child welfare system has traditionally been a topic of interest among legislators, court systems, and social workers in the public and nonprofit private agencies serving the children and their families in the child welfare system.

Prior to using privatization mechanisms within the public child welfare system, states developed case management approaches that included the use of select elements of the private sector for service delivery via purchase of service contracting (Ezell, 2002; Gibelman, 1998). POS contracting is the process by which the government enters into a formal agreement with another entity for a good, thus, purchasing services from the private sector (Gibelman, 1998).

POS became popular in the 1960s when legislation amended the Social Security Act to permit states to enter into agreements with agencies outside of the government for service provision (Martin, 2005; Gibelman, 1998). Later, POS was extended for services such as daycare for children, mental health (Wieman & Dorwart, 1998), and other direct services. While there are not examples for public child welfare, within the area of mental health, privatization was used to initiate effective and efficient services by creating incentives for alternatives to state mental hospitals, as well as the development of outpatient services such as community based care (Wieman & Dorwart, 1998). Given the benefits demonstrated from privatization in the other arenas (Ram, 2012; Henig, 1989), models of privatization were used to transition governmental provision of services into a more systematic approach to case management.

Aside from being a mechanism for the provision of services, POS contracts maintained cost elements that are related to case management services provided. In foster care, POS contracts were used as a contract between a private agency and the state in an effort to provide more efficient and effective services (Garstka, Collins-Camargo, Hall, Neal, & Ensign, 2012; Ezell, 2002). Thus, the nature of POS contracts transitioned the role of the child welfare worker towards a bureaucratic position that consisted of frequent interaction with court systems, state service systems, education systems, therapeutic systems, and a plethora of other systems as a result of the family system interacting with a variety of services provided in those areas (Freundlich & Gerstenzang, 2003). Once workers became involved with the various systems interacting with their cases, it became apparent that levels of knowledge related to system functioning for clients and the concept of economics was needed. These consistent interactions between the various systems provided a link to begin supporting steps that promoted a systemic move toward privatization.

According to a study conducted by the Alliance for Children and Families, American Public Human Services Association, and Child Welfare League of America (2001), the mean (average) public child welfare state operating budget was \$285 million, with a range from \$45 million to \$1.3 billion per year with the average length of time that a child spent in foster care being 13.4 months (Child Welfare Information Gateway, 2013). Despite the costs of care and given the average length of time a child spends in the care of the state, in 2012, 23 states had declined in their ability to ensure that children are reunified with their families within 12 months or placed within another permanent placement (Child Welfare Information Gateway, 2013). Despite the payment mechanism, the primary privatization methodology used within the foster care arena is performance-based contracting. Performance-based contracting (PBC) is a process in which the state government develops performance targets that are a specific measurable factor in categories such as ensuring child safety, reuniting children with their families in a timely manner, and maintaining a child's cultural ties to their community (Freundlich & Gerstenzang, 2003). The rationale for the use of PBC is that it: provides cost-savings to the government; develops systemic and organizational outcomes; has organizational performance based incentives and develops measurable performance based standards of practice (Myslewicz, 2007; Martin, 2005). For social work practice, this places an emphasis on goal development for the agencies providing services, establishes accountability for the organizations providing services, and forms oversight or monitoring of the services provided by the state government (Myslewicz, 2007).

Federal Policies and Privatization

Over the last several decades, the direct involvement of the U.S. government within the area of child welfare has accelerated the formation of policies that directly impacted the development and functioning of the public child welfare system. Two primary policies that have

had major implications for the functioning of the public child welfare system. Those two federal policies include the Adoption Assistance Child Welfare Act of 1980 (AACWA) and Adoption and Safe Families Act of 1997 (ASFA) (Pecora et al., 2000). Those two policies have prompted states to identify mechanisms to adhere to federal guidelines, while also in forcing state systems to face financial challenges. This has ushered in the state utilization of privatized practice models as a mechanism to ensure that the federally mandated state services were met, as well as positively enhancing the economic market within each state (Henig, 1989).

The literature reveals that proponents of privatization suggest efficiency, improved service quality, and innovation as primary reasons for states transitioning to privatization (Hubel, Schreier, Hansen, & Wilcox, 2013; Flaherty, Collins-Camargo, & Lee, 2008). However, in considering reasons in which states decide to transition to privatization, the implications of federal policies not being adhered to also play a role in a state's decision to transition to privatization (Hornby & Zeller, 2015).

Between the AACWA and ASFA, the AACWA has had the greatest impact on the public child welfare system. In 1980, AACWA was established as the first federal piece of legislation that highly impacted the functioning of the public child welfare system (Steen & Smith, 2012; Collins-Camargo, McBeath, & Ensign, 2011; Gainsborough, 2010; Steen & Duran, 2010; Freundlich & Gerstenzang, 2003; Pecora et al., 2000). The AACWA's primary purpose was to establish an adoption assistance program, strengthen the foster care assistance program, and refocus the public child welfare system (Pecora et al., 2000).

This federal policy impacted the public child welfare system by its establishment of criteria that states were required to adhere to for the reimbursement of funds (Pecora et al., 2000;

Adoptive Assistance and Child Welfare Act, 1980). When the criteria established by AACWA identified the states' responsibility to demonstrate "reasonable efforts" (Adoptive Assistance and Child Welfare Act of 1980) in the prevention of children entering into the foster care system, this propelled prompting of the development of family preservation agencies in mass quantities (Steen & Smith, 2012; Freundlich & Gerstenzang, 2003; Adoptive Assistance and Child Welfare Act, 1980). AACWA also required that court systems review cases every 6 months, provided adoption financial assistance, continued funding with foster care assistance, and continued enhancement of child welfare system (Adoptive Assistance and Child Welfare Act, 1980). The federal policy was also the first policy to discern the difference in the needs of children with special needs within the provided reimbursement for adoption finalizations (\$4000 per child/\$6000 for child with special needs) (Adoptive Assistance and Child Welfare Act, 1980).

Later, the Adoption and Safe Families Act of 1997 (ASFA) (U.S. Department of Health and Human Services, 1997) was signed as a federal policy and was implemented to tighten the aspects of AACWA (U.S. Department of Human & Health Services, 1997). ASFA provided more stringent requirements for states and determined that the foster care system was responsible for the "safety of the child", which was added to each child's individual case plan, solidified the requirements for "reasonable efforts" and made specifications regarding it, continued the funding for adoption assistance, transferred funds from Title IV-A to Title IV-B specifically for family preservation and established Title IV-E funding for out of home care and adoption (foster care) (Freundlich & Gerstenzang, 2003; Meezan & McBeath, 2003; Pecora et al., 2000). ASFA also provided stricter regulations for states regarding meeting state outcomes, specified how states were required to make "reasonable efforts" provided within AACWA, emphasized the "safety of the child" and required that all court plans and case plans included aspects related to maintaining

the safety of the child, and determined that those states being reimbursed were responsible for providing specific data to National Archive on Child Abuse and Neglect (U.S. Department of Human & Health Services, 1997).

Subsequent to AACWA and ASFA were enacted, public child welfare systems adjusted their functioning in an effort to meet the established outcome requirements. Consequently, after the passage of the ASFA, states were prompted to develop new ways of achieving outcome requirements, with privatization being one of the primary mechanisms (Steen & Duran, 2010; Myslewicz, 2007) used to meet the stringent requirements of the federal government (Steen & Smith, 2012; Humphrey, Turnball, & Turnball, 2004; Freundlich & Gerstenzang, 2003). As state governments make the determination to transition state foster care systems into structures utilizing performance-based contracting as a primary service provider mechanism, the implications of major federal policy developments and implementation of those policies regarding the foster care system must be considered.

Financing Public Child Welfare

Most of the states within the United States depend largely on public-assistance funds which are primarily funded by taxation at various levels of government (Chambers & Wedel, 2009). Under the Adoption and Safe Families Act of 1997 (PL 105-89) (ASFA), funding for the public child welfare system is provided through block grant funds by Title IV-B and Title IV-E of the Social Security Act (Pecora et al., 2000; Adoption and Safe Families Act of 1997). Block grants are matched grants that extend the capacity of the federal government (Barusch, 2002). For example, in foster care, states elect to participate in the foster care program and receive federal funding to provide services to children in need of care. The services that are provided must adhere to federal guidelines; thus extending the role of the federal government (Barusch,

2002). Funds are considered to be “matched” as a result of the state being required to pay a portion of the costs for the foster care system. Typically, block grants are authorized for a predetermined amount of time (five or ten years) and are provided with specified sets of guidelines related to how the programs should be operated (Chambers & Wedel, 2009). State grant funds through Title IV-B and Title IV-E of the Social Security Act are a 70/30 match (Barusch, 2002); thus, the federal government is responsible for 70% of the cost of care for the foster care system, while the state is responsible for 30% of the costs of care for children.

Child Welfare Privatization as a Practice Strategy

Recently, privatization of child welfare foster care services has influenced the public and private agencies that provide services to children and families in the child welfare system. As a result of the agencies contracting with the state government for funding (Mosely & Ros, 2011), there has been an increase in non-profit agencies providing child welfare services. By using nonprofit organizations for service provision, privatization has been viewed as a mechanism for the government to not only provides cost effective services, but to do so without completely monopolizing the field of child welfare (Freundlich & Gerstenzang, 2003); thus, decreasing government dominance of service provision within the public child welfare arena.

A privatized practice model utilizes social contracts between the government and private providers, and transforms expectations from the state system providing direct services to the state system engaging in purchase of service contracting with no direct provision of services by the state within the child welfare continuum of care. Through using POS contracts with private agencies, the government alters and reshapes its social contract with society by utilizing a restructuring process in which a private organization acts on behalf of the state to provide federally mandated services. The provision of these services is grounded in possible

misconceptions of stronger effectiveness and efficiency strategies of service provision, based on the contract decisions with the state government maintaining an overseer position and evaluator, rather than a purveyor of services. This is of course with the belief that children will be better served at less cost for the state.

As previously mentioned, the three areas of child welfare practice within the public child welfare system include: investigations and family preservation, foster care, and adoption. Though the stated primary reason for privatizing state foster care systems is to increase levels of efficiency, there may be other reasons for transitioning the functions of the system. In Florida, privatization transpired as a result of a foster care scandal that brought forth the inefficiencies of the system (Gainsborough, 2010), as well as the necessity for more stringent procedures for child welfare workers. Kansas can be viewed as another example, where the decision to privatize was championed as a mechanism to assist in the adherence to guidelines of a consent decree—an agreement or settlement between two parties without admission of guilt (Sheila A. v. Whiteman, 1993). In 1993, a lawsuit was filed against the state of Kansas (Sheila A. v. Whiteman, 1993) in which the state’s systemic disorganization, difficulty locating children, and inability to determine the amount of foster home placements, led to the implementation of privatization (Snell, 2000). These examples provide a lens to understand that the privatization of a child welfare system includes decisions based not only on the structure of the system, but also on the complex nature of systemic functioning.

Components of Privatizing the Foster Care System

There are a variety of ways in which to implement a privatization strategy in the public child welfare system. However, each strategy of privatization is inclusive of certain primary components that include the following characteristics: *contracting services out to private agencies* (Ram, 2012; Myslewicz, 2007; Morgan & England, 1988), *management of the*

competitive market (Ram, 2012; Loson, 2009; Myslewicz, 2007; Zullo, 2006), and *development of a private infrastructure* (Myslewicz, 2007; Craig et al., 1998); all utilized to ensure higher levels of efficiency and effectiveness of service provisions.

From a privatization perspective, *contracting services out to private agencies* refers to the transfer of management of governmental services to the private sector, promotion of competition in the marketplace, and reduction of dependency on government (Ram, 2012; Myslewicz, 2007; McConnell, Burwick, & Perez-Johnson, 2003; Morgan & England, 1988). The state government then establishes the rules for a competitive market through contract bidding in which social service agencies bid for the option to provide services for foster care, adoption, and/or family preservation. The underlying economic belief is that through the bidding process, state governments can get private organizations to provide services for increasingly competitive prices, thereby allowing for higher levels of systemic effectiveness (Hubel, Schreier, Hansen. & Wilcox, 2013; Freundlich & Gerstenzang, 2003). This perspective is grounded in a belief that private agencies have the ability to provide better services, due their organizational structure, as well as the organizational ability to provide more training for workers (Freundlich & Gerstenzang, 2003).

Management of the competitive market refers to the public and private service providers participating in a bidding process for services. Public agencies are established through a local, a state or federal system with the purpose of that agency contained in legal statutes (O'Connor & Netting, 2009). These agencies are created through legislation and charged with implementing social policies, thus agency identities are embedded in current and past political ideology as a result of controversies surrounding social policies and mandating programs and services

(O'Connor & Netting, 2009). Private agencies are a broad category of organizations that include nonprofits and for-profits (O'Connor & Netting, 2009).

Ultimately, the results of the competition are meant to infer better management due to the evaluation of costs, benefits, and accountability (Hubel, Schreier, Hansen, & Wilcox, 2013; Ram, 2012; Loson, 2009; Myslewicz, 2007; Zullo, 2006). There is a competitive bidding process in which providers bid on public services that their agency is equipped to provide. The bidding process is also symbolic of a mechanism utilized to increase systemic efficiency. This is evident within the application of specified pay scales for provision of services that includes flexibility within the payment structure decided upon by contractors and the state (Casey Family Programs, 2010; Freundlich & Gerstenzang, 2003). Each agency is required to submit a response to a Request for Proposal (RFP) in order to bid on contracts, with each bid containing the fee per client that the agency will serve (Blackstone et. al, 2004; Unruh & Hodgkin, 2004). The state has separate contracts for each area of public child welfare: foster care, adoption, and family preservation (Unruh & Hodgkin, 2004). *Development of private infrastructures* refers to private entities being developed in order to build, fund, and operate public infrastructures. These infrastructures are also developed in order to charge fees, performance based incentives, increased accountability measures (Myslewicz, 2007; Craig et al., 1998). Thus, the long-term goal of privatization is to develop a stable public child welfare services system that will enhance government economic strength, while also reforming a disorganized foster care system.

The earliest states to adopt privatization – thirteen states in total – began the process with either individual or multiple aspects of the public child welfare system (United States General Accounting Office, 1998a). Those states had a variety of decisions to make regarding which form of privatization to utilize, as well as which aspects of public child welfare that they wanted

to privatize. The challenges that states faced included how to maintain a consistent maintenance of the cash flow that funded prospective providers, while transitioning to receiving retroactive reimbursement from Title IV-E, implementation of performance outcomes, as well as how to transition agency staff and service providers (United States General Accounting Office, 1998a). These challenges and other issues were the reasons that caused state administrations to either fully support or be adamantly opposed to privatization of public child welfare.

The last component in the privatization process that is typically addressed is the *monitoring and oversight* of delivery of services within the privatization realm. Monitoring and oversight are essential throughout the process of privatization, as they are a means to evaluate the service provider's compliance within the privatization agreement, and to ensure systemic effectiveness and efficiency. Monitoring and oversight are also intended to ensure that private organizations are meeting federal and state outcomes within a specified budget, as well as to support continued service provision effectiveness (Freundlich & Gerstenzang, 2003). Important aspects of the state government's position as an authority includes sustaining the capacity to oversee contractor performance, developing evaluative criteria to determine the efficiency of privatized services, and maintaining a quality control system to ensure providers are complying with their contractual agreements (United States General Accounting Office, 1998b).

Ideally, privatization was first viewed as a mechanism to promote a partnership between public and private sectors in the service provision arena within child welfare system (Gibelman, 1998). As a concept, privatization also offered the potential to assist state-run foster care systems that may have appeared unsuccessful at ensuring the safety of children and providing appropriate services to families (Lewandowski & GlenMaye, 2002). Driven by federal court orders, state legislation, and consent decrees, states may be prompted to utilize privatization as a

mechanism to transition inefficient foster care systems into more effective systems, often modeled after the managed care method used within healthcare (Westat & Chapin Hall Center for Children, 2002).

Theory and the Privatization of Foster Care

Given that the foster care system is one system within a larger hierarchical macrosystem of public child welfare services, with the federal government as the primary determining system, the underlying bureaucratic rational approach of the system in its entirety supports the conceptualization of privatization. Perhaps the best way to explain the theoretical grounding of foster care and its structure, along with the theoretical movement towards privatization is to envision the system as a multitude of entities that includes of children, families, organizations, and policies bounded by a governmental bureaucracy.

State foster care systems are complex. Each state varies in systemic functioning, design, and delivery of foster care services (Freundlich & Gerstenzang, 2003). Consequently, while this study is interested in state level differences between privatized, partially privatized, and non-privatized foster care systems, there is recognition that the impact of privatization system also occurs at the individual and family level. In an effort to capture knowledge regarding the different state systems, as well as its impact on children and families, theoretical guidance will be provided through a combination of related theories that will allow an emphasis on each system of interest.

General Systems Theory

Many influential scholars have contributed to the development of general systems theory (GST). Von Bertalanffy (1950) developed the systems perspective from “organismic biology”

(Von Bertalanffy, 1950, p. 135) in which he identified that organisms were a part of “systems” (p. 138) and each organism functioned as a mechanism within those systems (Von Bertalanffy, 1950). In 1958, Hearn identified that other aspects of the world could be a system as well including planets, space, the universe, and the environment (Hearn, 1958). Later, Hearn (1969) argued that individuals, groups, communities, and organizations could be classified as systems as well. Goldstein (1973) transitioned general systems theory to a “social science theory” (p. 110) by applying the theory to human beings and declaring that human beings were also systems. Social science theory then transitioned the theory to having an emphasis on human interaction with the elements of the environment, characteristics of those elements, the interrelatedness of the elements, and how those elements impacted the individual (Goldstein, 1973). As a result, the theoretical assumptions worked as hypotheses for explaining, predicting, and controlling phenomena (Greene & Frankel, 2005).

Within the context of the public child welfare system, the foster care system can be viewed within a hierarchical large scale system that is inclusive of smaller subsystems, such as policies, organizations, children, and their families (see Figure 2.1). These subsystems function via mechanisms of *input*—resources—and the processing or conversion of that input into an *output* of the system (Hearn, 1969). Take for instance the role of the employee within the foster care system (case manager, administrator, supervisor, etc.), which can be viewed as an input of the foster care system (Steen & Smith, 2012). An example of processing would be viewed as the case management of cases from the time a child enters care until the child leaves the foster care system. Here, output may be considered as a child achieving or not achieving permanency. This systemic procedure is continuous and creates feedback, the ability of a system to reintroduce output as input (Hearn, 1969). Systems are regulated through a feedback loop inclusive of a

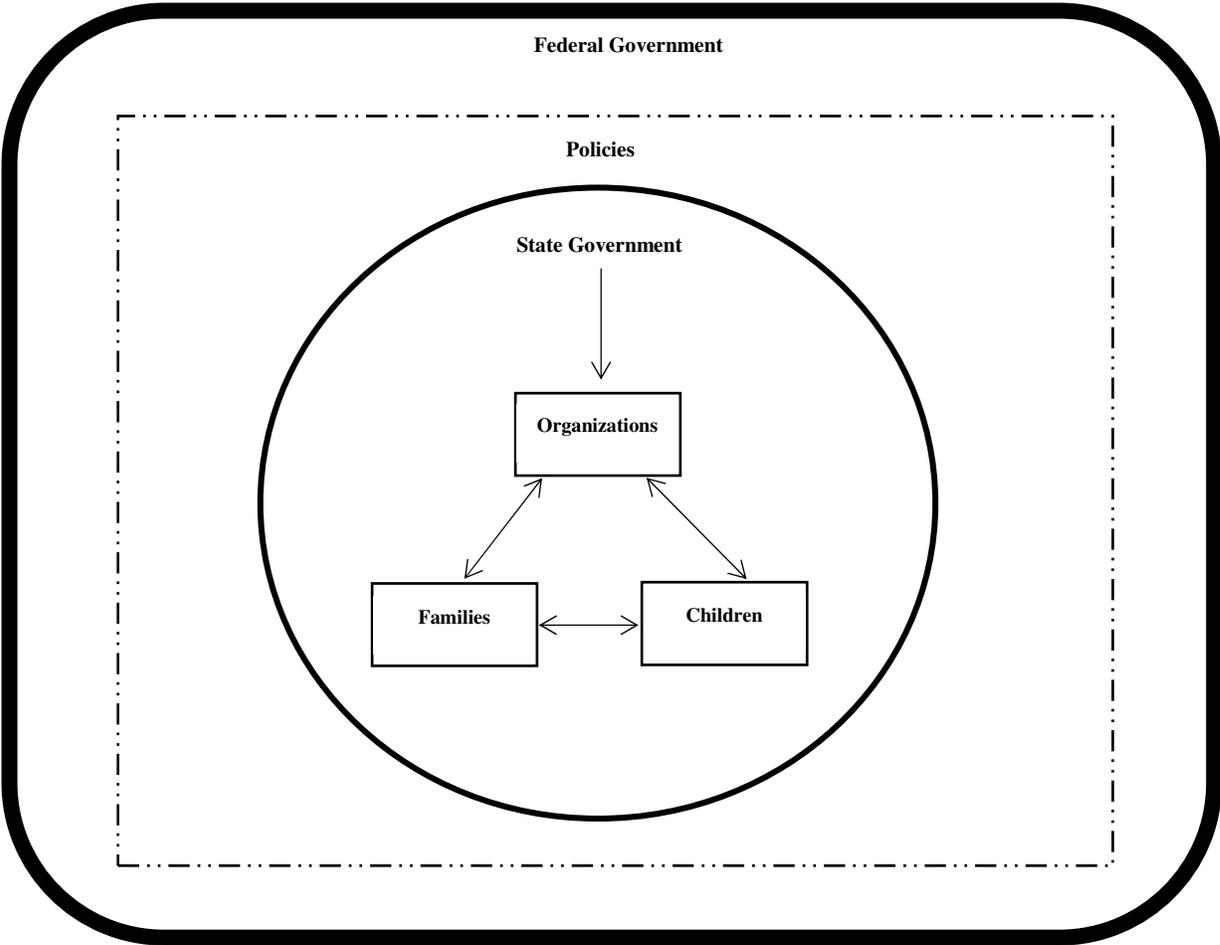
relationship between *positive feedback*—any feedback that leads to change— (Hearn, 1995) and *negative feedback*—any feedback that leads to no change— (Hanson, 1995). This means that any action or inaction leads to unpredictable effects including the delivery of the inverse of the intended effect reverberate through the entire system. Example of positive and negative feedback in foster care can be when a state is seen to be in non-compliance with federal legislation (i.e., positive feedback). In that instance, states may choose to attend court and alter the concerns with compliance, or enter into a consent decree in which no admission of error occurs (i.e., negative feedback). Despite either action the state takes, the action or inaction can lead to unpredictable effects for the entire system.

The primary tenets of GST are that all *systems*—any two or more parts that are related in such a way that change in any one part change all parts— (Hanson, 1995), have a level of interaction with other systems. Thus, in understanding the interaction of the parts, one attains the ability to determine and explain the functionality of systems. In essence, any action or inaction that reverberates through the entire system leads to unpredictable effects including effects that deliver the inverse of the intended effect which have implications for the system as a whole (Hanson, 1995). As a result, an alteration in systemic operating, such as a transition to privatization, will not only impact the macrosystem (the public child welfare system) but the individuals and families served by the macrosystem as well.

Given that the ultimate goal of the foster care system is to ensure the safety of the child and ultimately provide safe permanency options, effectiveness and efficiency of the foster care system should denote systemic equilibrium, the stability of the system (Goldstein, 1973). In using GST to understand the functioning of the foster care system, variables such as a child's total number of removals from the familial home, the total number of placement settings in foster

care custody, as well as the length of days since the latest removal date can be considered forms of measuring efficiency. Thus, achieving systemic equilibrium translates to efficiency by driving down the costs of care, while still promoting responsiveness to clients' needs within the

Figure 2.1 Foster Care Hierarchical Macrosystem



achievement of outcomes. For effectiveness, the theory can be used when assessing the length of days within a previous foster care stay, the total number of days a child stays in foster care custody, the number of placement settings during a child's current foster care stay, the number of children aging out of the system, and the age of the child once they exit foster care. As a result, equilibrium represented by effectiveness is demonstrated by stability in the experience of the child within relation to their foster care stay.

Skyttner (2001), based on the premise of Von Bertalanffy's perspective, proposes that unrelated and independent elements can never constitute a system; therefore systems are always comprised of the interrelationship and interdependence of objects. As a result, children, families, organizations, and policies can be understood as separate systems in the foster care system that are intertwined in a transformative and cyclical process that contributes to either the *entropy* – amount of disorganization within the foster care system—or *regulation*—interrelated objects that must be regulated in an effort to attain the overall goals of a system (Skyttner, 2001). In other words, all aspects of the foster care system are interconnected and relational in ways that impact the system equilibrium, entropy, and regulation. Consequently, entropy and regulation can be assessed by measuring efficiency and effectiveness as indicators of systemic equilibrium.

Thus, to fully encapsulate the primary purpose of the outcome driven foster care system, an assessment of the many parts of the system is necessary. In congruence with the concept that “the whole greater than the sum of its parts” (Andreae, 2005, p. 244), utilization of GST as a theoretical foundation within examination of the foster care system provides a framework to understand how the many different systemic interactions interface with one another. For example, to understand the efficiency and effectiveness of the system, the total number of removals for a child, as well as the length of time the child has been in care, would be important

to know. The two variables provide the ability to comprehend how efficiency and effectiveness, together, can demonstrate how the interaction between systemic functions form connections with one another, while also contributing to knowledge related to the experience of the child.

GST is a comprehensive theory that can be used to guide the analysis of the interaction and relational qualities between and amongst components of a system (Greene & Frankel, 2005). GST provides a mechanism to describe the interconnectedness of systems which include individuals, groups, organizations, etc., which are systems that comprise the foster care system. The theory provides a multi-causal context for understanding human behavior; emphasizes interdependence and interactions amongst people; and considers the many systems that people interact with (Greene & Frankel, 2005). Within this study, for example, comprehension of the experience of children of color in foster care within the context of efficiency (e.g., length of time in care) and effectiveness (e.g. exited to emancipation) is demonstrative of the impact of systemic interaction and its implications for children in care.

Each of the systems has the capacity to interact with different systems in one way or another that contribute to *closed systems* which move toward a state of maximum disorganization to attain equilibrium (Hanson, 1995). Conversely, the systems can partake in the transformation process and contribute to an *open system*— systems that are organized (Hearn, 1968) in which forces at play work to create and destroy order; thereby enabling the process of developing order or organization within a system (Hanson, 1995). For example, given that the federal government provides states with funding and specific mandates to run a foster care system, it can be considered a macrosystem, despite the fact that it does not mandate how the system is designed so that each state foster care system functions differently (Pecora et al., 2000). Some states choose to function under the strict guidance of the state government and those systems can be

considered *closed systems*— systems that are disorganized or in the process of disorganization (Hearn, 1968). This is primarily a result of the chaotic nature of functioning that state systems have, as a result of a lack of order within the realm of the complexity of foster care services. Those systems that utilize performance-based contracting (PBC) (Myslewicz, 2007) as a privatization mechanism can be viewed as an *open system*. Although there is not a definitive form or type of privatization (Steen & Smith, 2012; Casey Family Programs, 2010; Zullo, 2006; Freundlich & Gerstenzang, 2003; Henig, 1989), PBC is a primary mechanism in which states contract out foster care services to contractors who place monetary bids on those services (Freundlich & Gerstenzang, 2003), theoretically, creating order within system complexity.

GST can be utilized to comprehend policies and procedures within a foster care system as well. Positive feedback— any change that occurs within a system— can be demonstrative of the development of policies and the application of those policies in foster care practice. This is evident as a result of the change that occurs within the foster care system when policies are developed or enacted. Conversely, negative feedback— the result of no change within a system— (Hearn, 1969) can be seen when foster care systems or organizations do not alter policies to reflect systemic or societal changes (stagnant policies). For instance, if an organization does not alter employee caseload policies to reflect an increase in the number of children placed within the foster care system, then children run the risk of not being provided sufficient services. Thus, representing a lack of response to feedback in order to create needed change to avoid entropy.

The foster care system is also based on the basic federal mandate that requires a mechanism to achieve permanency. *Equifinality*—the result of multiple actions within a system leading to one result—(Hearn, 1969) is a component of GTS that can be demonstrated from the

position that children will ultimately achieve permanency as a result of the multiple avenues that case management services provide. On the other hand, *multifinality*—the result of an action within a system leading to multiple unintended changes—(Hearn, 1969) can be viewed similarly. An example of GST multifinality in public child welfare would be the privatization of foster care and the resulting difficulties of transitioning of services for employees, organizations and families. As a result, comprehension of the differences between privatized and non-privatized systems, regarding the dimensions of efficiency and effectiveness, within the framework of GST allows for a thorough delineation of the complexity of the foster care system and the effectiveness and efficiency questions guiding this study.

Ecological Systems Theory

Despite the fact that the foster care system maintains levels of complexity related to its functionality, it is important to also focus on the fact that the system retains guardianship of a child; thus, children are both experiencing *and* interacting with the foster care system. To explore the experience of a child in foster care, ecological systems theory (a theory congruent with the GST discussed above) can be a useful way of capturing child-specific aspects within the nested systems of child welfare.

Ecological systems theory (EST) provides the framework to contextualize the experience of an individual within a variety of systemic interactions where the individual is directly and indirectly connected. EST is grounded in the assumption of the centrality of the environments that people experience and the intermixing of these environments, as well as how this contributes to the overall development of a human being (Bronfenbrenner, 1979). Within EST, environment is conceptualized as five sets of nested structures with the inner level being considered the

person and each consecutive level consisting of an environment in which situations that occur and contributes to the worldview of the person. Grounded within the theory is the belief that human beings directly experience situations, maintain relationships with people in other settings, while also indirectly experiencing the influence of the interrelation of other systems that impact the development of the individual (Bronfenbrenner, 1979). Consequently, a person may not essentially be connected to a situation in a different system; however, the interrelation with that system has a direct impact on the individual (Hong, Algood, Chiu, & Lee, 2011; Fulcher & McGladdery, 2011). So, in this case, a child in care is not directly connecting to the federal system and its guidelines for performance, nor to the particular state's interpretation of those guidelines/mandates; but the child's experience with his or her social worker and care provider are directly impacted by all this, thus, directly influencing the child's experience of foster care.

EST consists of five systems that, collectively, form the ecological environment of a human being: microsystem, mesosystem, exosystem, macrosystem, and chronosystem (Bronfenbrenner, 1979). The first level, *microsystem*, is centered on the direct experience of an individual and consists of “a pattern of activities, roles, and interpersonal relations experienced” (Bronfenbrenner, 1979, pg. 22) by a person. Within this system, individuals engage in interactions in settings that are face-to-face and reality is constructed from the perspective of the individual. Thus, this environment focuses on where the individual lives and has social interactions, so the individual is not only observing situations or taking in what is happening—they are creating and constructing the experiences they are having. A microsystem, within the context of a child experiencing the overall foster care system based on entering the system through removal, would be the direct experience of a child and their perspective of what being a child within the foster care system means for their identity and development as a human being.

For example, assessing the microsystem of a child within the foster care system, the total number of removals, removal manner, and removal reason can assist in the comprehension of the experience of the child within the foster care system; thus, also allowing assessment of the efficiency and effectiveness of the microsystem within the context of the foster care system. Consequently, children in care are experiencing being in the foster care system via mechanisms such as relationships with foster parents, case workers, other children in care, the court system, and all other portions of the system they interface with (Fulcher & McGladdery, 2011). However, they are not only experiencing the system as a child in care, but are also being impacted developmentally by the interactions of the various systems.

The second level in EST, *mesosystem*, is an extension of the microsystem. This level is comprised of the interrelationship between two or more settings in which an individual is actively participating (Bronfenbrenner, 1979). The mesosystem is a level that is also reformed whenever an individual moves to a new setting, and the mesosystem allows for the individual to contribute to creating their experiences. These experiences also include interconnections that may occur via social networks with both formal and informal communication. Consequently, this level includes interactions between the microsystem and mesosystem. For a child in the foster care system, this system may aid in the understanding the experience of the child in relation to foster home placement, interactions with school environments or with other children within the foster care system that the child interacts with. One of the main tenets of placement within the foster care system is that children experience multiple foster home, group home, residential or kinship placements. In accordance with tenets of the mesosystem, each time a child moves to a new placement, their mesosystem would be reformed (Fulcher & McGladdery, 2011). Thus, a child's perspective of their experience within the foster care system would be

altered as well. Within this study, the mesosystem can be assessed by observing the number of placement settings a child experiences, the length of time a child is in custody, the ethnicity of the child, as well as the foster care family structure within a child's placement.

The *exosystem* is the first system within EST that specifically places emphasis on indirect actions that impact the development of the individual. A primary component of this system is that an individual does not have a role in the construction of their experiences, but their experiences are interacting with the micro and meso levels as well. This system level may include "one or more settings that do not involve the developing of an individual as active participant" (Bronfenbrenner, 1979, pg. 25); however, the events that occur still affect the development of the individual. For example, a child's placement may be changed, as a result of the foster parent's decision to no longer have the child in the home. Due to the limitations of the data, this study will not be able to identify such incidents that may have indirectly or directly impacted the child. However, the exosystem can be assessed within the differences between privatized and non-privatized foster care systems through their rates of efficiency and effectiveness, because these variables indirectly impact the experience of the child. Within the experience of a child, this can be viewed in the context of many different situations such as activities and decisions determined by court officials in relation to the case, or a child's involvement with case management services. For example, in determining rates of efficiency for privatized and non-privatized state systems, within this study, the total number of removals for a child in care can be demonstrative of the exosystem. This is due to the connection of court system within the decision to remove a child from care.

Microsystem, mesosystem, and exosystem are similar in that individuals experience the interaction between these systems in similar ways. However, different cultures of people will

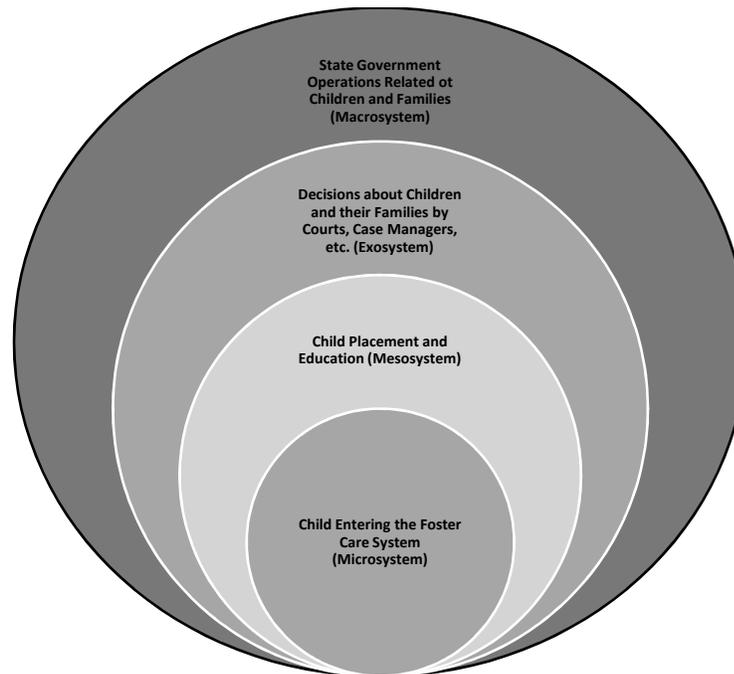
experience the levels differently. Thus, the levels experienced by a child involved with the foster care system, would be drastically different from a child not involved with the foster care system. In other words, the structure and substance of the first three systems may be similar within the experience of the individuals within the same culture and yet the systems still function in different ways. Comprehension of the interaction between the micro, meso, and exo systems can allow for better picture of the experience of a child within the foster care system through the following interactions: the relationship between the total number of removals, removal manner, and removal reason (micro); the number of placement settings a child experiences, the length of time a child is in custody, the ethnicity of the child, as well as the foster care family structure within a child's placement (meso); along with rates of efficiency and effectiveness of the system (exo).

The fourth level within EST, the *macrosystem*, consists of subsystems that are connected to the culture as a whole, in addition to the belief systems and ideologies underlying the subsystem (Bronfenbrenner, 1979). This level of EST is a level in which the individual does not have the freedom in determining decisions regarding their surroundings or the functioning of higher systemic levels, all of which may impact their well-being. For example, each state government provides public child welfare services that includes the following sections: adoption, CPS, and family preservation. However, each of the states constructs and operates each system differently. As a result, the relationship and role of organizations within the care of a child in foster care will be completely different in Kansas than it would be in Florida. The child still experiences and develops within each state system; however, decisions regarding service provision are not inclusive of the child's perspective. Thus, state systems differ in a variety of capacities which help to perpetuate a specific ecological environment for each state system.

Within this study, variables such as the total number of removals for a child out of the home, their number of placements during the foster care episode, length of days of previous foster care stay, total days within foster care (all episodes), and the length of days since the last removal date will be used to gain an understanding of how the efficiency and effectiveness of individual state foster care systems contribute to the foster care macrosystem. Thus, allowing the study to identify how each of the efficiency and effectiveness variables studied are system components that contribute to subsystem functionality. This will result in an understanding of how the subsystem components are connected to the macrosystem. The concept of the macrosystem in EST differs from GST in that it allows for comprehension of how the macrosystem and subsystems impact the well-being of the individual. Thus, the impact of macrosystem on the child in care is acknowledged and can be understood through the efficiency and effectiveness demonstrated in privatized and non-privatized state systems.

The last system within EST, *chronosystem*, relates to the cumulative experience of an individual over their lifetime. These experiences are including environmental events and major transitions in life. An example to understand this system within the context of the foster care system can viewed through the perspective of children aging-out of the foster care system. A child who “ages out”, exit the foster care system without permanency, of the foster care system typically exits without resources (Pecora et al., 2000). Thus, understanding the relationship within the length of days of a previous foster care stay, the total days a child is in care, number of placement settings during their time in care, and if the child exited to emancipation will provide an understanding of the cumulative experience of a child in care, along with differences in rates of effectiveness for privatized and non-privatized state foster care systems (see Figure 2.2).

Figure 2.2 Ecological Environment of a Child in Foster Care



Efficiency and Effectiveness of Privatization within the Context of the Foster Care System

Efficiency of Privatization within the Context of Foster Care

Those that promote utilizing a model of privatization within the foster care system ultimately believe that the model is more efficient than governmental agencies providing services (Hubel, Schreier, Hansen, & Wilcox, 2013; Freundlich & Gerstenzang, 2003; Paulson, et al., 2002). Supporters of privatization maintain a perspective that as efficiency increases within the services provided, quality will increase as well (Freundlich & Gerstenzang, 2003). Typically, *efficiency* is viewed as a mechanism to judge merit, the relationship between systemic input and output, expenditures and income, or costs and benefit (Stone, 2002). However, within models of privatization, efficiency is conceptualized as cost-effectiveness with a goal of having positive market competition that reduces systemic inefficiency (Hubel, Schreier, Hansen, & Wilcox,

2013; Freundlich & Gerstenzang, 2003). In foster care, this is primarily viewed through the lens of permanency. Achieving permanency for a child in as little time in care as possible, with the least amount of placements, and ensuring that a child does not re-enter care are the primary mechanisms of determining rates of efficiency for costs (Pecora et al., 2010; Freundlich & Gerstenzang, 2003) because these categories ensure that costs of care are kept low. This ensures that there is more impact and less time spent in care, which equals less costs in the view of the state.

Efficiency within privatization models of foster care is also surrounded by the establishment of performance based outcomes that are connected to the contract between the state and the private provider (Garstka, Collins-Camargo, Hall, Neal, & Ensign, 2012). Efficiency driven outcomes are based in measurable performance mechanisms, often related to categories connected to the permanency for the child and they are rooted in the standards enforced by the federal government (Collins-Camargo, 2010). Examples of efficient child related outcomes such as number of placements per year, length of days in custody, and the total number of removals from permanency options. These categories are considered examples of efficiency as a result of the view that less time in care results in cost-savings for the state, regardless of the costs of monitoring systemic inputs, processes, and outputs. As a result, these categories are directly tied to efficiency because the economic rationale is the core argument made for privatization (Freundlich & Gerstenzang, 2003).

Effectiveness of Privatization within the Context of Foster Care

Despite the seemingly overwhelming popularity of states' selection and enactment of a privatized model for the provision of services, there is little literature on the impact of privatization on the children within the foster care system. Effectiveness in privatization can be understood as client improvement (Gillespie, 2000). Thus, experiences of a child's trajectory in care inclusive of how many times a child is removed from the home, the number of placement settings a child has during the episode, the length of days a child has had since their previous foster care stay, and the total number of days a child spends in foster care serve as examples of how the experience of the child has either improved or not during their time in foster care. Within the foster care system, that translates to achieved permanency for the child; but should also include the overall trajectory experience of the child while in care to assure that the child is not worse off after care.

Ultimately, permanency is a major measure of effectiveness, because without achieved permanency, children will age-out of the system. Children who age-out of the foster care system are more prone towards homelessness, continued utilization of social services, and high rates of not completing their secondary education (Pecora et al., 2000). Thus, if the primary purpose of the foster care system is to protect the child and to identify permanency options for children (Pecora et al., 2000) but a child exits the foster care system without a permanency resource, then ageing out of foster care can be viewed a *failure* of the system (Blackstone, Buck, & Hakim, 2004; Craig et al., 1998).

Another important factor related to foster care effectiveness is inclusive of acknowledging the disproportionate rates of children of color being placed within the child welfare system and foster care in particular. Children of color maintain a disproportionate representation within state foster care services and are less likely to be adopted; more likely to

return home and re-enter the foster care system after permanency has been declared (Blackstone, Buck, & Hakim, 2004; Pecora et al., 2000; Craig et al., 1998). As a result, thorough assessment of effectiveness of the foster care system should include a focus on children of color and their rates of achieved permanency (including the type of placement used to declare permanency); length of time in custody; number of placements while in custody; and whether or not the child has been in custody prior to current placement to assist assessing the effectiveness of privatization models.

Perspectives on Privatization of Foster Care

While there are political elements that often appear enthusiastic about the potential of privatization for state child welfare systems, the enthusiasm for privatizing is not universal. The following section identifies both the proponent and opponent perspectives in an effort to further clarify what should constitute measures of efficiency and effectiveness in the move toward a privatized foster care system.

Proponents of Privatization

Proponents of privatization argue that the system should be run efficiently to attain systemic outcomes. From a rational bureaucratic perspective, privatization allows for the state to facilitate management in a large, complex system in order to increase productivity (O'Connor & Netting, 2009; Paulson, et al., 2002). Proponents of privatization argue that the successful functioning of the foster care system is dependent upon ensuring that goals are specified and then efficient service technologies are utilized to meet those goals (Hasenfield, 2000). For example, in foster care, privatization allows for specific outcome development and measurement, and employs case management to ensure that those outcomes are met. This results in better management of the

system and provides a quick response mechanism to penalize poor performance through monitoring and case management (Freundlich & Gerstenzang, 2003). The conceptualization of these technologies include the underlying belief that privatization provides cost effectiveness of services, quality service provision based on the required development of measurable performance outcomes (Freundlich & Gerstenzang, 2003; Department of Health and Human Services, 2002). Thus insuring cost effectiveness regarding personnel costs, as a result of states not being responsible for payment structure for employees or their benefits. As a result, privatization can also be viewed as a cost-shifting mechanism of the state from the state being responsible for employees, to the private agency maintaining the sole responsibility of the employee delivering the state's mandated services.

Proponents of a privatization model argue that privatization is also cost-effective because it allows autonomy of workers within their ability to advocate for organizational and client policies for children in foster care, permits innovative service delivery techniques, higher quality of services at lower costs, and provides for increased systemic data collection for measuring efficiency of services (Casey Family Programs, 2010; Myslewicz, 2007; Freundlich & Gerstenzang, 2003; McConnell, Burwick, & Perez-Johnson, 2003; Paulson, et al., 2002).

Supporters of privatization also argue that privatized states support the necessity of licensure and training for workers, along with the addition of educational requirements for different levels of social work practice (Freundlich & Gerstenzang, 2003) as contracted organizations are responsible for more stringent requirements for foster care workers. According to proponents, these additional requirements will improve the quality of direct services.

Privatization also provides a specified time for provision and production of services; accountability for pre-determined outcomes including aspects of overseeing by the government; specified pay scale for provision of services that is flexible (e.g., capitated, capped allocation, or case rate); as well as allowing for contractors and the state to decide payment structure (Casey Family Programs, 2010; Freundlich & Gerstenzang, 2003). All this establishes the contractor flexibility to determine how contractors are paid for services, while also promoting competition within the marketplace.

Other supportive arguments for privatization of foster care include continuity of care of clients because the same case management team (not necessarily the same workers) provides services for child for the duration of care (Freundlich & Gerstenzang, 2003; Department of Health and Human Services, 2002). Though there is no guarantee that the same worker will be involved for the duration, the argument is that case management turn-over is lessened as result of the support and salaries of employees within a privatized agency (Freundlich & Gerstenzang, 2003). Privatization also provides the worker with the ability to utilize innovative approaches to delivering services; allows for the advocacy of policies by workers; and is inclusive of state data collection (Freundlich & Gerstenzang, 2003).

Another political reason for supporting privatization has to do with the transfer of services from public entities to the private sector. One of the primary reasons for supporting privatization of public child welfare is the limited involvement of the federal government within the state's position in foster care (United States General Accounting Office, 1998a). The Administration for Children and Families (ACF), which is part of the Department of Health and Human Services, administers the federal components of care to public child welfare programs (United States General Accounting Office, 1998a). These federal components are inclusive of federal

requirements related to monitoring the state's compliance with federal statutes and regulations, maintaining numerous research centers throughout the country, and continual support of research and evaluative means related to public child welfare in all states (United States General Accounting Office, 1998a). Privatization lessens the federal direct involvement in services because the contractual arrangements act as a state sanctioned mediator. From this perspective, having a privatized system promotes the idea that a locally determined service delivery will be more attentive to the needs of local children; thereby being more effective as well. Privatization is seen to protect state's rights.

Proponents of privatization express the assumption that the increased competition that occurs between service providers who compete for contracts results in cost savings due to competition (Morgan & England, 1988). In other words, there will be less cost per unit based on competition for the cheapest service at the best level of effectiveness. The thinking is that the private sector has a stronger sense of responsibility to provide efficient services; while the public sector by its nature will increase bureaucratic "red tape" and contribute a decrease in efficient service delivery. In other words in this argument, the private sector has the capacity to have an equal emphasis on efficiency and effectiveness; whereas the public sector maintains an emphasis on efficiency, with the assumption that more efficient services contribute to effectiveness. Despite this perspective, early research suggests that privatization does not save the state government money (Carey, 2008). At this point, the states choosing privatization are doing so to achieve a reduction in costs; increased efficiency of service operations; improvements within the delivery of services; and a reduction in governmental bureaucracy (Goodrich, 1988) none of which has been measured.

Ultimately, the proponents of privatization infer that implementation of privatization fosters accountability in the provision of services and a competitive bidding market for services providers (Freundlich & Gerstenzang, 2003; Paulson, et al., 2002). Where privatization is occurring, state governments have decided that a competitive market will encourage service providers to bid on services they wished to provide which would contribute to the improvement of state outcomes and reduce the cost of care to state government (Snell, 2000). From the proponent position, privatization of public child welfare services demonstrates a fit related to the goal of organization of services; implementation of policies to enhance services provided; and provisions to monitor public child welfare (placement of children in foster homes, foster care costs, professionalization of social workers, etc.) (Snell, 2000), even without empirical evidence to support this position.

Overall, within the context of foster care, the proponents of privatization maintain that the ultimate purpose of a privatized system is to focus on the lack of permanency for children; control the high number of placements for children; lower caseloads for social workers; and to decrease turnover of social workers (Snell, 2000). This is all meant to ensure that permanency and safety of the child is increased. However, in the end, privatization is often implemented as a means to develop efficiency within the services provided in the public child welfare system (Roin, 2011; Ram, 2010; Steen & Duran, 2010). The rhetoric is that privatization is a way to provide better services such that permanency is assured and child safety is increased. But with this comes a potential confounding of efficiency and effectiveness such that less cost becomes a measure of effectiveness, which is of great concern in this project.

Opponents of Privatization

In searching the literature for opponents of privatization, it appeared that there has been a valiant effort to justify the process of privatization. More than likely this has occurred so that ideologically and conceptually, those who transition to privatization have support to justify utilizing models of privatization. However, opponents of privatization of the public child welfare system base their position on a variety of factors. First of all, opponents in evaluating states' decision to privatize, suggest that the priority for the state was its concern with outcomes; not services provided (Freundlich & Gerstenzang, 2003). States often do not complete any prior research related to how privatization would affect the children and families in the foster care system, the employees working for the state, or the agencies that were bidding on services (Loson, 2009; Zullo, 2006).

Critics also argue that privatization represents the decentralization of government that does nothing about the reason why services provided are not a higher quality (Paulson et al., 2002). The shift does not address social service programs' underfunding as a primary reason for service quality challenges. In fact, the bidding process for PBC may be lower in the early stages of privatization; however, over time contractors are seen to increase their bids, thus, demonstrating needed increases to assure quality services (Freundlich & Gerstenzang, 2003; Myslewicz, 2003).

Opponents of privatization propose that the delivery of public services should not be intermixed with the private market because of the implications for families. Often times, public child welfare services are provided on an involuntary basis and clients are typically unwilling to be available for supportive of services, due to their child being removed from their care (United States General Accounting Office, 1998a). Consequently, families are more apprehensive to systematic interventions or interaction with individuals that represent the public child welfare

system, which now is represented by the private sector uninvolved in important aspects of mandated services to unwilling or involuntary clients.

The competitive nature of privatization process also poses potential problems for exploitation of the market (Carey, 2008). State authorities opt to utilize providers due to a lower bid, as opposed to selecting providers that deliver the best services. In other words, privatization of public child welfare services has the potential of prohibiting families from receiving adequate services (Humphrey, Turnbull, & Turnbull, 2006).

Another factor that contributes to the difficulty of applying a privatization model to public child welfare services is that public agencies typically emphasize the overall well-being of a child's needs, inclusive of safety, protection, social supports and mental health needs; therefore, diagnosis, interventions, and outcomes are more forthcoming than in the managed care health care model that privatization of public child welfare is based on (United States General Accounting Office, 1998a). Privatization affects all foster care services provided and has been shown to have negative implications for mental health and aftercare services early in the privatization transition process (Collins-Camargo, McBeath, & Ensign, 2011). Due to the necessity of providing outcome based services, practitioners are often positioned to adhere to streamlined procedures and protocols that contribute to the deskilling of practitioners (Carey, 2008). In other words, there is less emphasis on skilled practitioners to critically think and provide services based on their professional skill and more on an emphasis in ensuring that the practitioner is focused on attaining outcomes at all costs.

In most models of privatization states provide time-based incentives to contractors, this suggests the possibility of children being improperly accelerated through the foster care system to achieve the incentives (Zullo, 2006). This perspective alludes to the belief that privatization

blurs the line between public and private services, thus contributing to inefficiency of services (Morgan & England, 1988). Thus, instead of having clear lines of demarcation, privatization allows for areas that may have a lack of clarity in service provision.

Another aspect of concern is the impact on the careers of public employees, as well as the potential for agencies to incur bankruptcies, fraud, and corruption as a result of their experiences with PBC (Morgan & England, 1988) and services provided. For example in Kansas, the complexity of the multidimensional link between the contractor and the state created unrealistic fiscal methods (Martin, 2005) that catapulted the contractor agency into bankruptcy (Freundlich & Gerzstzenzeng, 2003).

Another position opponents maintain is that the public child welfare system does not function have an individual entity, due to its connection with the court system. Courts maintain a consistent and key position within the realm of foster care, as a result of the foster care system being placed under the jurisdiction of the state's authority (United States General Accounting Office, 1998a). Each state determines the full extent of the courts authority; however, courts typically maintain ultimate decision power regarding the foster care process; thus, providing a limitation for service providers (Humphrey, Turnball, & Turnball, 2006).

Other concerns for privatization include the implications of the state transition process to privatization. Given that organizational culture and climate are impacted by organizational change (Collins-Camargo, Ellet, & Lester, 2012) transition periods to privatization have been found problematic for organizational structure and practice. This has implications for organizational culture and climate, as a result of its connection to organizational effectiveness (Collins-Camargo, Ellet, & Lester, 2012; Glisson & Green, 2010) in areas such as the relationships between service providers and clients which impact the quality of services provided

to clients. Transitions to privatization have large effect on organizational practice (Freundlich & Gerstenzang, 2003) and it does not often occur in ways that assure that organizational change is appropriately managed in ways that prevent negative financial and emotional consequences for all involved in service delivery; which has important impacts on the children being served.

Essentially, critics of privatization argue that the model provides ways to increase inequity within a system, (Hansenfield & Garrow, 2012) that is already filled with inequalities. Examples of these inequities include the inability of clients to truly choose who they receive services from, as a result of their involuntary involvement with services, as well as the limited capacity of the government supervising the contracts to truly hold private agencies accountable for service provision (Hansenfield & Garrow, 2012). These inequities are a result of the system not being held responsible for the provision of higher quality services as a result of social services continued underfunding, the problematic nature of contract bidding (Freundlich & Gerstenzang, 2003) and the potential to contribute to monopolization of service provision by provider organizations.

In sum, the overall critique of privatization of public child welfare is that the process promotes systemic utilization of an economic model for human behavior, yet the model fails to identify with the complexity of social times, forms of cooperation, and achieving interdependence between individuals within the system and those within the organizations that provide the services.

Focus of the Study

The review of the literature indicates that there is a need for deeper understanding of privatization in child welfare—particularly in foster care services—due to the almost total absence of empirically based information regarding costs and consequences of this change in the

social contract regarding public child welfare. In obtaining data regarding the impact of privatization, the results could provide important information that could serve to truly alter systemic functioning for the betterment of service delivery for the child. This dissertation provides an understanding of the intended and unintended consequences of policy for social work practitioners and clients served and knowledge regarding the potentially dialectal interaction between policies (Quadagno, 1996). This knowledge, over time, has the potential to increase the integration of policy, practice, and organizational functioning that prevents further victimization of children and youth within the foster care system.

As a result of the sparse literature regarding the experience of the child within a privatized foster care system (or any system for that matter), this dissertation addresses how privatization affects the factors that contribute to the experience of the child within the foster care system, as well as the efficiency and effectiveness of privatization when compared to non-privatized state foster care systems. The knowledge gained from this dissertation contributes to an understanding of ways to prevent adverse conditions that may be present within privatized foster care systems. Its additional aims included being able to infer the impact of privatization on children aging out of the foster care system and on the prevention of the re-victimization of a child while they are the responsibility of the public child welfare system. Knowledge regarding current service delivery and its efficiency and effectiveness for the child should help to ensure that state-level foster care systems truly emphasize the best interest of the child.

The policy and practice implications of the proposed research include: the generation of knowledge regarding the rates of efficiency and effectiveness with state foster care systems that are privatized as compared to those that are not privatized, as well as a comprehensive focus on

the experience of the child in foster care that could strengthen the link between child welfare policy and practice.

Thus, the research questions for this project are:

1. Are there differences between privatized, partially privatized, and non-privatized state foster care systems?
2. Are there differences in rates of efficiency for privatized and non-privatized state foster care systems?
3. Are there differences in rates of effectiveness for privatized and non-privatized state foster care systems?

The next chapter will discuss the research design and methods selected to answer the research questions that will hopefully move the discussion in the directions desired.

Chapter Three: Methodology

Research Proposal

The aims of this research project are to 1) contribute to the generation of knowledge regarding the rates of efficiency and effectiveness with state foster care systems that are privatized as compared to those that are not privatized, 2) identify any differential impact on the foster care system between privatized and non-privatized state foster care systems from the standpoint of the child and 3) develop a comprehensive focus on the experience of the child in foster care that could strengthen the link between child welfare policy and practice. The overarching research question for this study is:

1. *Are there differences between privatized, partially privatized, and non-privatized state foster care systems?*

The secondary research questions for this study include the following questions:

2. *Are there differences in rates of efficiency for privatized, partially privatized, and non-privatized state foster care systems?*
3. *Are there differences in rates of effectiveness for privatized, privatized, and non-privatized state foster care systems?*

Statistical Measures Designed for Privatization

Currently, there are no known standardized measures designed to assess the efficiency and effectiveness of privatized practice models used within state child welfare systems. Previous studies that have specifically addressed privatization have utilized qualitative methodological designs (Steen & Smith, 2012) assessing the attitudes of human services workers towards privatization as a policy. There has been very little research conducted on privatization of foster

care and none on the efficiency and the effectiveness of models of privatization that are utilized by states.

Secondary Data

The overall study design employs, an objectivist, positivistic perspective that employs quantitative data and natural science methods used to understand the world. The research approach involves secondary data analysis of the Adoption and Foster Care Analysis and Reporting System (AFCARS), a federally mandated data collection system overseen by the Children's Bureau intended to provide case specific information on all children during their placement in the public child welfare system (United States Department of Health and Human Services, 2011). Secondary analysis provides the ability to utilize previously collected data in order to explore additional hypotheses connected to the original dataset (Heaton, 2010). Secondary data analysis allows exploration of established data sets, addresses methodological concerns in the collection of data, as well as possible measurement limitations (Secret & Peck-Heath, 2004).

Despite data not having been collected with same purposes as the secondary analysis there are many advantages to using secondary analysis. Often times, secondary data provide the ability to use large data sets, derived from procedures that obtain high response rates (Rubin & Babbie, 2013). Large data sets also provide the ability to examine information with a variety of multivariate statistical techniques, while also having strength related to methodology, size and representativeness of the sample (Rubin & Babbie, 2013). For this study, utilizing a large data set allows for the ability to attain an overall view of how the foster care system functions in its entirety. The ability to use a data system that captures information from all fifty states provides

the best chance at gaining a foundational view of how privatization is functioning within states that are using these models, while also providing a lens of how those states compare to states that are not privatized. Other advantages include increased generalizability, enhanced statistical power and reduction of sampling error (Heaton, 2010). Dattalo (2010) argues that generalizability, though the ultimate goal of quantitative research, ultimately requires inferences and judgments that determine whether or not the differentiations between the original and new contexts have applicability to the population studied. In this study, generalizability is increased as a result of including all 50 states within the analysis; thus, increasing the statistical power of the study and decreasing the chances of statistical error (Dattalo, 2010).

Although there are numerous benefits of utilizing secondary data, there are limitations as well. The most important limitation of secondary data is that the primary purpose of the data is not directly tied to the secondary analysis. This enhances problems related to internal validity, as a result of scenarios such as the initial researchers collecting and defining data in ways that do not match the variable definitions or usage within the secondary analysis (Rubin & Babbie, 2013). For this study, the initial data collected was not meant to specifically address privatization. Also, as a result of the limited research related to the definition of efficiency and effectiveness in foster care; the manner in which the variables are used in this study will deviate from the original intention of the data collected. Another limitation of secondary analysis is that existing data determines the nature of the research inquiry, as opposed to a priori theory (Heaton, 2010) driving the research inquiry. When existing data determines the research inquiry, the study is based on questions that can be derived from the data; as opposed to constructing a research questions grounded in theory. Even with its limitations, secondary data is often times

less costly than collecting original data and the results of analysis can have large impacts on policy and practice (Price, 2008).

In an effort to examine state-level foster care data for all fifty states within the United States, pre-existing data was utilized within this study. This allowed for a thorough analysis and comparison of state foster care systems and the impact of privatization on the functioning of the system and the children being served.

The Dataset

Overview

The Adoption and Foster Care Analysis and Reporting System (AFCARS) data are collected annually by The Children's Bureau and funded by the Administration on Children, Youth, and Families, U.S. Department of Health and Human Services (Adoption and Foster Care Analysis & Reporting System, 2002; Department of Health and Human Services, 2002). The data are housed in the National Data Archive on Child Abuse and Neglect (NDACN) at Cornell University. The AFCARS data have a twofold purpose in that they are meant to address both policy development and program management at the state and federal levels. The data are the most comprehensive state level data collected that have a representation of all children within the foster care system. As a result, the data are child-level data at an aggregate state level, thus the sample will be categorized at the state-level.

Data Characteristics. Since 1998, states that receive reimbursement from the federal government for foster care and adoption services are required to provide child-case level data to the federal government (National Data Archive on Child Abuse and Neglect, 2012; Pecora et al., 2007). As a federally mandated government collection system, AFCARS provides case specific

data for each child in custody for the duration of that custody and for any subsequent custody decisions resulting in placement out of their home. States are required to collect specific case level data on all children that are in that state's custody. For foster care, data points relate to placement, care, and supervision.

States submit the required foster care data electronically to the Children's Bureau at the close of two semi-annual reporting periods: October 1 to March 31, and April 1 to September 30 of each year. States submit 66 foster care data elements and the Children's Bureau combines the state files from the two periods into a singular database (Adopting and Foster Care Analysis & Reporting System, 2002). Only one record per foster care child is included within the annual database, and includes only the most recent record received. Thus, if a child comes into care at the start of the year, achieves permanency and then later returns during the second half of the year, the child will have one record for the annual database and it will be the file submitted when the child entered care a second time, thus, potentially under reporting foster care activities. The data file utilized for this study was collected from October 1, 2011 through September 30, 2012, and contains the public child welfare system reports for 50 states, the District of Columbia, and Puerto Rico (Adopting and Foster Care Analysis & Reporting System, 2002).

Data Sample. To examine the research questions, states were grouped into three groups: fully privatized, partially privatized, and non-privatized. States were placed in groups based upon information obtained from their state websites, documents provided on their state websites, as well as communication from state public child welfare administrators, nonprofit administrators, and university child welfare researchers with regard to state privatization levels in the year 2012. As a result, there are instances in which the literature may report a state's level of privatization that may not be indicative of the state's privatization level within this sample.

The units of analysis in this research are states. All 50 states and the District of Columbia were included in this study.

Data Collection Procedures. Every day, states and the U.S. territories collect data related to the administration of their foster care programs and a subset of the data collected by the state is required, by law, to be sent to the Children's Bureau (M. Dineen, personal communication, September 29, 2014). The data collected are case based data provided by the primary worker, gathered at the unit and agency level, provided to state and then compiled for submission to the federal government. The states are not required to reply to specific research questions, but are required to collect data on each child in care based on federal outcomes (Pecora et al., 2007). As a result, the data are collected by the states, delivered to the Children's Bureau and are compiled electronically (M. Dineen, personal communication, September 29, 2014).

The purpose of the data are to address policy development and program management at both the state and federal level (Adopting and Foster Care Analysis & Reporting System, 2002). Reporting periods for AFCARS are connected to the federal fiscal year; thus, there are two data collection points per year. Data are checked by the Children's Bureau to ensure the quality and completeness of the data (M. Dineen, personal communication, September 29, 2014). The first period extends from October 1 through March 31 and the second is from April 1 to September 30. These two data collection points are combined by The Children's Bureau into one single annual database (Adopting and Foster Care Analysis & Reporting System, 2002). In other words, the foster care file is submitted by the states to the Children's Bureau in two six-month batches (the two data collection points); called the "A" submission and "B" submission. The files are then combined into one annual file, retaining the most recent record for each child; resulting in

one entry per child in the file from each state (M. Dineen, personal communication, August 26, 2014).

Research Design

Eligibility Criteria

All 50 states and one U.S. territory, the District of Columbia (n=51) data were utilized in this purposive sample; however, groups were not randomly sampled as a result of the nature of the phenomenon. States were grouped based upon their privatization status: fully privatized, partially privatized, and non-privatized. To ensure that states were placed in the correct group, state administrators, foster care managers, child welfare nonprofit administrators, and child welfare university researchers were contacted via telephone and email to receive recent information regarding whether or not family preservation, foster care, and adoption sectors were controlled by the state or contracted out for service provision. It was also discussed whether or not when services were contracted out, if the state continued to provide case management services in the areas of family preservation, foster care, and adoption sectors. If the state continued to provide case management services, that state was considered to be non-privatized. State public child welfare websites were also researched to identify their level of privatization via available documents. The language barriers were greater than the capacity of the territory for Puerto Rico, so the data for the territory had to be dropped from the study.

The total sample consisted of 638,031 cases (n=683, 031), which represent the individual children in the foster care system. As a result of the information received by public child welfare personnel, in some cases, sample decision-making regarding what constitutes the grouping a state was placed in, was different than the literature suggested. The difference may be the

intervening variable of time that has passed since the literature was published, or the precision to which communication with states occurred in this study to make that determination.

Variables

Dependent Variables

As a result of the nature of this study, the primary emphasis of the analysis are on privatization, with a specific focus on the categories of fully privatized, partially privatized, and non-privatized. Thus, the dependent variables for the study are the categories privatized and non-privatized. Dependent upon specific research questions, variables are examined by the three categories as well.

Fully privatized. This variable is inclusive of states that have each of their sections of public child welfare system: family preservation, foster care, and adoption privatized. States within this group do not provide direct case management services; thus, the private organizations provide all services related to the public child welfare system, exclusive of investigative services (see Table 3.1).

Partially privatized. For this variable, states that have one or two of their public child welfare system privatized are included. States within this group provide direct case management services in at least *one* component of public child welfare (i.e. family preservation, foster care, or adoption); thus, private organizations may provide services related to the public child welfare system, exclusive of investigative services (see Table 3.1).

*Non-privatized*¹. If the state does not have any of the sections within the public child welfare system privatized; the state is included within this category. States provide case management for all of the sections of public child welfare (i.e. family preservation, foster care, or adoption); however, the state may also utilize purchase of service contracting for service provision (see Table 3.1).

Table 3.1

State Privatization Levels

Fully Privatized	Partially Privatized	Non-Privatized
California, Florida, Hawaii, Kansas, Nebraska, Wisconsin	Alaska, Arizona, Delaware, District of Columbia, Illinois, Maine, Michigan, Missouri, New Hampshire, New Mexico, New York, Ohio, Pennsylvania, West Virginia	Alabama, Arkansas, Colorado, Connecticut, Georgia*, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nevada, New Jersey, North Carolina, North Dakota, Oklahoma*, Oregon, Rhode Island, South Carolina, South Dakota*, Tennessee, Texas*, Utah, Vermont, Virginia, Washington*, Wyoming

*transitioning to next level of privatization or piloting privatization in one sector of public child welfare

Independent Variables

The dataset is inclusive of 66 variables; however, specific variables will be included in predetermined variables of efficiency, effectiveness, and aging-out.

Efficiency. Assessing rates of efficiency, with regard to states and their levels of privatization of the foster care system are limited in the literature. Efficiency, in the context of public child welfare, has been operationalized as the costs of service provision (Pecora et al., 2010; Freundlich & Gerstenzang, 2003; Gillespie, 2000). As a result, a composite variable that

¹ The literature supports the definition of the three levels of privatization (Freundlich & Gerstenzang, 2003); however, after discussing the implementation of privatization with administrators throughout the country, it became evident that whether or not the state maintained case management services needed to be included in determining the level of privatization a state utilized.

includes the following individual variables: the total number of removals, number of placement settings during the current foster care episode, and length of days since last removal was utilized to determine rates of efficiency within the varying levels of privatization. The individual variables within the composite variable are inclusive primary mechanisms relating to permanency.

Effectiveness. The literature is limited regarding effectiveness of the foster care system. Effectiveness is operationalized as client improvement (Gillespie, 2000) within this study. Consequently, the variable that represented effectiveness was a composite variable and inclusive of the following variables: length of days of previous foster care stay, total number of days in the current foster care stay (all episodes included), exited to emancipation, and the number of placement settings during the current foster care episode. These individual variables are demonstrative of the trajectory experience of the child in care (see Table 3.2).

Analysis Plan

Due to the nature of the study, states were purposively assigned into groups of fully privatized, partially privatized, or non-privatized groups (see Table 3.1). Given that the sample is a nationally representative sample of public child welfare systems, the sample can be generalized to state child welfare systems. The following study included univariate and multivariate statistical analysis procedures. Univariate analyses were conducted to determine the age, sex, race/ethnicity of the composition as it relates to the public child welfare system. Bivariate analyses were conducted to determine differences between privatized, partially privatized, and non-privatized foster care systems and their rates of efficiency and effectiveness in categories related to removal manner, removal reason, and children exiting to emancipation.

The analyses consisted of a discriminant function analysis (DFA). DFA is a statistical analysis procedure that is often used to distinguish various characteristics among groups (Dattalo, 1994) from a set of predictors. The primary purpose of a DFA is to determine whether or not the combination of predictors can reliably predict group membership (Tabachnick & Fidell, 2013). Because DFA allows for the dependent variables to be combined to create a composite dependent variable, there is an emphasis on group differences which decrease group similarities. This allows for the technique to minimize Type I error, as a result of the ability of the researcher to identify the difference between the variables using a single technique. Because a DFA provides a way to differentiate between variables, it is especially useful in determining the difference between levels of privatization (i.e. full, partial, and non-privatized) and their rates of efficiency and effectiveness. Given the definitions of efficiency and effectiveness variables, there were degrees of overlap. DFA provides the ability to analyze the complexity of the variables and the interrelatedness of the variables simultaneously (Dattalo, 1994). DFA will also provide the most parsimonious set of predictor variables related to privatization, while also providing characteristics for varying types of privatization. Therefore, discriminant function analysis was utilized to explore the link between efficiency, effectiveness, and privatization.

Table 3.2

Research Question and Variable Matrix

Overarching Research Question	Possible Dependent Variable	Possible Independent Variable	Variable Name
RQ1: Are there differences between privatized, partially privatized, and non-privatized state foster care systems?	Privatized, Partially Privatized, Non-Privatized	Efficiency/ Effectiveness	Efficiency: total # of removals, number of placement settings during the current FC episode, length (days) since latest removal date Effectiveness: length (days) of previous foster care state, total days in foster (all episodes), number of placement settings during the current foster care episode
RQ2: Are there differences in rates of efficiency for privatized and non-privatized state foster care systems?	Privatized, Partially Privatized, Non-Privatized	Efficiency	1. Total number of removals 2. Number of placement settings during FC episode 3. Length (days) since latest removal date 4. Number of children 5. Days in care
RQ3: Are there differences in rates of effectiveness for privatized and non-privatized state foster care systems?	Privatized, Partially Privatized, Non-Privatized	Effectiveness	1. Length (days) of previous FC stay 2. Total days stay in FC (all episodes) 3. Number of placement settings (current FC episode) 4. Exited to emancipation 5. Child is waiting for adoption 6. Discharge reason 7. Child's ethnicity 8. Removal manner 9. Removal reason

Conclusion

The overall purpose of this project is to discern between the systemic differences of privatized, partially privatized, and non-privatized public child welfare systems through the lens of efficiency and effectiveness. The key expectations of the analysis described within the chapter includes redefining efficiency and effectiveness of service delivery to be inclusive of the child's experience in care; identifying child well-being as a needed measure of systemic foster care research, and testing the idea that children aging out of the foster care system represents a failure of the system because permanency not achieved, is the basis of a child's placement within the system. Research suggests that the rationale provided for privatization of foster care includes cost savings and the establishment of measureable performance standards; however, due to the lack of research on the impact of privatization on the foster care system, there appears to be a gap within literature. Knowledge regarding systemic functioning, with regard to its efficiency and effectiveness for the child, is essential to ensuring that state-level foster care systems truly emphasize the best interest of the child.

Chapter Four: Results

Introduction

This study focused on identifying differences between state foster care systems that are privatized, partially privatized, and non-privatized, while also examining rates of efficiency and effectiveness within the three levels of the foster care system. There is one primary research question for this study, as well as two derivative questions which are as follows:

1. Are there differences between privatized, partially privatized, and non-privatized state foster care systems?
2. Are there differences in rates of efficiency for privatized, partially privatized, and non-privatized state foster care systems?
3. Are there differences in rates of effectiveness for privatized, privatized, and non-privatized state foster care systems?

Prescreening Data

In an effort to ensure data accuracy, the dataset was prescreened for absence of data errors, completion of data, absence of multicollinearity, multivariate normality, absence of outliers, linearity, and homoscedasticity.

Complete Data. First, the data was prescreened for patterned missingness in the Statistical Package for the Social Sciences (SPSS) Version 22 by recoding the data (with all missing coded as 1 and all other values coded as 0). In a dataset such as this, missing data can be attributed to states' inability to provide requested information as a result of systemic disruptions, or to the censoring of participant information for enhanced client protection (Dattalo, 2013).

There are three categories of missing data: missing at random (MAR), missing completely at random (MCAR), and missing not at random (MNAR) (Dattalo, 2013; Tabachnick & Fidell, 2007).

In this study, a bivariate correlation matrix was produced. Because the Pearson's r values of the variables were less than .05, no association between missing values and the values of other variables can be assumed. In other words, the correlation analysis suggested that the data should be considered missing at random (MAR). MAR means that missing values are not randomly distributed across all observations; however, the data are missing in more than one subsample (Dattalo, 2013).

Outliers. Data were screened for absence of outliers with Cook's distance measure D (Cook's D), in order to detect the overall impact of the observations on the estimated regression coefficient. Outliers are unusual or extreme values that are defined as observations that appear to be inconsistent with other observations within the data set (Dattalo, 2013). Outliers can occur for a variety of reasons such as data errors, misreporting, sampling error (Osborne & Overbay, 2004) or incorrect distributional assumptions (Dattalo, 2013). There are three important characteristics of outliers: leverage, discrepancy, and influence. Leverage identifies those cases with unusual values on the independent variable. Discrepancy refers to the distance between predicted and the observed values related to the dependent variable, whereas influence reflects the product of leverage and discrepancy (Dattalo, 2013).

Cook's D is often utilized to understand the three-dimensional nature (i.e. leverage, discrepancy, and influence) of an outlier and its impact on the estimated regression coefficient (Lorenze, 1987). Within these data, there are no significant problems with outliers. This is

because the dataset was cleaned by personnel at the National Data Archives (M. Dineen, personal communication, September 29, 2014), and because many of the variables are categorical.

Absence of multicollinearity. Intercorrelation amongst the independent variables (i.e., multicollinearity) that was higher than .80 was considered problematic. Common approaches to identifying multicollinearity include: (1) an inspection of bivariate correlations among independent variables, (2) calculating tolerance ($1-R^2$), and (3) calculating the variance inflation factor (the reciprocal of tolerance); however, the rule of thumb is that the variance inflation factor (VIF) should be greater than 5.0 (Dattalo, 2013). For this study, an inspection of bivariate correlations was conducted and one pair of Pearson's r values was greater than .80: length (days) since latest removal date and total days stay in foster care (all episodes). As a result of the high correlation between these two variables, the variable, length (days) since latest removal date, was deleted from the study.

Homoscedasticity. This is the assumption that the variance around a regression line is the same for all values of the predictor variable (X), this is the more general case of the equality of variance-covariance matrices assumption tested by Box's M , which is discussed below (Dattalo, 2013). When homoscedasticity is violated, the standard of error can be difficult to estimate and can impact confidence intervals. Homoscedasticity can be evaluated by examining a plot of standardized predicted values as a function of standardized residual values (Dattalo, 2013). To detect the presence of violations of homoscedasticity, plots of residuals versus predicted values were examined for evidence that residuals were a function of predicted values. After assessing a scatterplot, histogram and p-plot, evidence that the data displayed signs of mild-moderate heteroscedasticity. Heteroscedasticity has the ability to increase Type-I error by

being overly *optimistic* about parameters being statistically different from zero, as well as Type-II error be overly *pessimistic* about parameters being statistically different from zero (Dattalo, 2013). Typically, heteroscedasticity can be modified by: (1) respecifying the model, or transforming the variables, (2) using robust standard errors to counter the biased standard errors caused by the heteroscedasticity, or (3) using weighted least squares to minimize the weight of the sum of squared residuals (Dattalo, 2013).

Results from the screening procedures of the statistical analyses were considered acceptable or not a major barrier to employing a discriminant function analysis (DFA).

Discriminant Function Analysis

DFA Model Development. As a result of the number of variables included with the AFCARS dataset, a power analysis was conducted to estimate minimally acceptable sample size. The power analysis suggested that the four proposed models would yield a power equal to .080. In most cases, selection of predictor variables to utilize within the DFA model are determined by specific steps that include an examination of the literature regarding the research within the substantive area and research intuition (P. Dattalo, personal communication, October 30, 2013).

For this study, variables for the model were determined based on the mandated outcomes that state systems are required to report to the federal government. Given the nature of privatization of foster care systems, research in the area is limited; thus, there have been minimal sources that have identified empirical results. However, the literature discusses how state foster care systems function in an effort to attain the outcomes determined by the federal guidelines each state system has to abide by (Freundlich & Gerstenzang, 2003; Pecora et al., 2000), as well as how states utilize privatization models as a mechanism to attain more efficient and effective

acquisition of those outcomes (Flaherty, Collins-Camargo, & Lee, 2008). As a result, variables in this model are directly connected to the outcome variables determined by the federal government as a mechanism to measure a state's performance within the public child welfare system. Thus, the original list of variables included: state, total number of removals, number of placement settings, discharge reason, length (days) since the latest removal date, length (days) of previous foster care stay, total days stay in foster care, and exited to emancipation. The variable length (days) since latest removal date was removed because it was highly correlated ($r = .959$) with another variable, total (days) in care.

Before proceeding with completing the DFA, the dependent (grouping) variable, *state*, was recoded into a dummy coded variable with three levels: (1) fully privatized, (2) partially privatized, and (3) non-privatized. Dummy coding, recategorization of a discrete variable into a dichotomous variable (Tabachnick & Fidell, 2013) is used as a mechanism to limit the relationships between the recoded variable and other variables.

Reverse coding. Often times, data can be coded in a way that has negative wording, so high values indicate the opposite meaning when interpreted. In that case, reverse coding can be utilized to alter the coding of the variable. Reverse coding was conducted for the following variables: the number of placements (*numplep*), total number of removals (*totalrem*), length of days in previous foster care stay (*previousLOS*), and the total days in foster care (*LifeLOS*). The mathematical rule for reverse-scoring is: $\text{reverse score}(x) = \text{max}(x) + 1 - x$. Where $\text{max}(x)$ is the maximum possible value for x . As a result, higher scores are equal to higher levels of efficiency or effectiveness. See Table 4.1 for value of x for each variable.

Table 4.1

Reverse Coding Score for Variables

Variable Name	Maximum Possible Value for x
the number of placements (<i>numlep</i>)	x=100
total number of removals (<i>totalrem</i>)	x=30
length of days in previous foster care stay (<i>previousLOS</i>)	x=7194
the total days in foster care (<i>LifeLOS</i>)	x=7664

Compound Variables. Given the nature of the variables within the dataset, it was necessary to develop a compound variable for efficiency and effectiveness. Compound variables provide the ability to combine multiple variables to comprise one variable. This provides the ability to observe the complexity of the interaction between a compound variable and a single variable. As a result of not specifically being addressed within the data, a compound variable for efficiency and a compound variable for effectiveness were developed. For the *efficiency* variable, the following variables that were added together to create a compound variable: (1) number of placement settings (*numlep*), (2) total days in foster care (*LifeLOS*) and (3) length days previous foster care stay (*PreviousLOS*) (See Table 4.2). For the *effectiveness* variable, the following individual variables were added together: (1) discharge reason (*DISREASN*), (2), total number of removals (*TOTALREM*), (3) exit to emancipation (*AgeOut*) (See Table 4.3).

Table 4.2

Creation of Compound Efficiency Variable

Variable Name	Variable Composition	New Compound Variable
number of placement settings (<i>numplep</i>)	Ratio	Efficiency
total days in foster care (<i>LifeLOS</i>)	Ratio	Efficiency
length days previous foster care stay (<i>PreviousLOS</i>)	Ratio	Efficiency

Table 4.3

Creation of Compound Effectiveness Variable

Variable Name	Variable Composition	New Compound Variable
discharge reason (<i>DISREASN</i>)	0-Not applicable 1-Reunified with parent primary care giver 2-living with relative 3-Adoption 4-Emancipation 5-Guardianship 6-Transfer to another agency 7-Runaway 8-Death of a child	Effectiveness
total number of removals (<i>TOTALREM</i>),	Ratio	Effectiveness
exit to emancipation (AgeOut)	Ratio	Effectiveness

Bivariate Analyses

Bivariate analyses of all predictors were conducted to provide perspective on the nature of the relationships between all variables. Correlation matrices were developed for a general

model and each level of privatization that the states represented. The general model included all demographic variables, individual variables that were used to create the compound variables, as well as the compound variables themselves. Correlational analysis for the demographic variables demonstrated the variable total number of removals was statistically significant with all variables, except length of days of previous stay in foster care and the efficiency compound variable; which includes the length of days of previous stay variable.

The variable, number of placement settings during the current foster care episode, had a negative and significant correlation with the following variables: children of African-American descent ($r = -.090$, $p = .001$, $n = 635,741$), children of American Indian and Alaskan Native descent ($r = -.011$, $p = .001$, $n = 635,741$), children of Hispanic descent ($r = -.029$, $p = .001$, $n = 635,741$), discharge reason ($r = -.082$, $p = .001$, $n = 493,127$), exited to emancipation ($r = -.207$, $p = .001$, $n = 635,741$), and effectiveness ($r = -.073$, $p = .001$, $n = 492,881$). These findings are consistent with literature that suggests that children of color experience higher rates of placement changes, as well as that children who spend a longer time in care also maintain high rates of placement changes (see Table 4.4).

Table 4.4

Pearson r Correlation Coefficients for Race/Ethnicity Variables with Independent Variables-General Model

Variable	Child Sex	American Indian/Alaskan Native (race)	Asian (race)	Child of African-American Descent (race)	Child of Hawaiian/Pacific Islander (race)	Child of White Descent (race)	Child unable to determine race (race)	Child of Hispanic Origin (race)
Discharge Reason	.008*	-.012*	.012*	.025*	.010*	-.046*	.028	.007
Exited to emancipation	.009*	-.012*	.002	.034*	-.002	-.029*	-.011*	.022*
Total days stay in foster care	.028*	.001	.008*	-.134*	.007*	.113*	.024*	-.011*
Number of placements	.007*	-.011*	.012*	-.090*	.006*	.059*	.041*	-.029*
Length of previous FC stay	.005	-.032*	-.001	-.040*	.001	.032*	.017*	-.038*
Total number of removals	.007*	.011*	.012*	-.090*	-.003**	.093*	-.010*	-.016*
Efficiency	.021*	.006	.016*	-.135*	.007**	.130*	.002	-.011*
Effectiveness	.012*	-.025*	.012*	.015*	.008*	-.036*	.033*	-.014*

*p <.01 **p<.05

Correlation analysis demographic variables, independent variables, efficiency and effectiveness for fully privatized states. A correlation matrix was run with demographic variables, independent variables, and the composite variables for efficiency and effectiveness. As a result, children of Asian descent demonstrated significant correlations with all variables, indicating that Asian children in care likely discharge back to their families of origin, stay in care for short periods of time, have a small number of placements, and are not often removed more than once from the home. African-American and Hispanic children demonstrated an inverted relationship with majority of the variables: total days in care, number of placements, length of

previous foster care stay, total number of removals, and efficiency. Thus, the more African-American children come into the custody, the longer they are experiencing time in care, higher placements, removals, and previous stays in foster care (See Table 4.5). These findings are in conjunction with the literature that demonstrate that African-American children maintain an overrepresentation within foster care system and are more likely to experience higher placements, removals, and will likely experience recidivism within the system (Pecora et al., 2000).

Table 4.5
Pearson *r* Correlation Coefficients for Race/Ethnicity Variables for Fully Privatized Systems

Variable	Child Sex	American Indian/Alaskan Native (race)	Asian (race)	Child of African-American Descent (race)	Child of Hawaiian/Pacific Islander (race)	Child of White Descent (race)	Child unable to determine race (race)	Child of Hispanic Origin (race)
Discharge Reason	.003	-.035*	.017*	.041*	.017*	-.080*	.080*	.003
Exited to emancipation	.010*	-.003	.002	.028*	-.002	-.017*	-.016*	.036*
Total days stay in foster care	.023*	-.009*	.010*	-.128*	.010*	.102*	.011*	-.085*
Number of placements	-.002	-.003	.018*	-.084*	.013*	.024*	.051*	-.071*
Length of previous FC stay	-.008	.009	.025*	-.112*	.005	.077*	.035*	-.047*
Total number of removals	.003	-.029*	.006**	-.048*	-.009*	.014*	.033*	-.079*
Efficiency	.007	.002	.023*	-.141*	.011	.104*	.031*	-.052*
Effectiveness	.008**	-.043*	.019*	.029*	.013*	-.076*	.085*	-.017*

*p <.01 **p<.05

Correlation analysis independent variables and fully privatized states. A correlation matrix was run with the independent variables for states that are fully privatized. Of the predictor variables, total days in foster care and number of placements were most often correlated with other variables. Children who have a higher amount of days in foster care were more likely to: (a) have a higher number of placements, (b) have a longer previous stay in foster care, (c) higher number of removals, and (d) their cases demonstrated higher rates of efficiency. The variable exited to emancipation had an inverse relationship with all other variables that it was correlated with. As a result, children who age-out of the system experience: (a) higher rates of total days in care, (b) higher number of placements, (c) length of previous foster care stay, (d) higher total number of removals, and (e) lower rates of efficiency. Given that children who age-out of the system do so as a result of a lack of identifiable permanency options, the relationship between the age-out variable with all other variables coincide with literature findings (Pecora et al, 2000) (See Table 4.6).

Correlation analysis demographic variables and partially privatized states. A demographic correlation matrix was run for the states that were partially privatized. Of the demographic variables, child of African-American descent and child of White descent (both race variables) were most often correlated with other variables. Child of African-American descent was correlated with (a) discharge reason, (b) exited to emancipation, (c) total days stay in care, (d) number of placements, (e) length of previous foster care stay, (f) total number of removals, (g) efficiency, and (h) effectiveness (See table 4.7). Thus, African-American children are more likely to discharge to permanency placements outside of their family of origin and age out of the foster care system (Pecora et al, 2000) in a partially privatized system.

Table 4.6

Pearson r Coefficient for Independent Variables for Fully Privatized Systems

Variable	Discharge Reason	Exited to Emancipation	Total days in care	Number of Placements	Length of previous FC Stay	Total Number of Removals	Efficiency	Effectiveness
Discharge Reason	---	.360*	-.246*	-.110*	-.089*	-.104*	-.177*	.939*
Exited to emancipation	.360*	---	-.222*	-.202*	-.122*	-.077*	-.213*	.430*
Total days stay in foster care	-.246*	-.222*	---	.477*	.568*	.213*	.951*	-.237*
Number of placements	-.110*	-.202*	.477*	---	.083*	.082*	.352*	-.121*
Total number of removals	-.104	-.077*	.213*	.082*	---	---	---	-.220*
Length of previous FC stay	-.089	-.122*	.568*	.083*	---	---	.795*	-.113*
Efficiency	-.177*	-.213*	.951*	.352*	.795*	---	---	-.223*
Effectiveness	.939	.430*	-.237*	-.121*	-.113*	.220*	-.223*	---

*p <.01 **p<.05

Correlation analysis independent variables and partially privatized states. A correlation matrix was used to assess the relationship and significance between the independent variables and partially privatized states. Almost all of the variables demonstrated significant relationships, except between the variables effectiveness and length of days in previous foster care stay ($r = -.032$). There was a significant positive relationship demonstrated by the total number of days a child has been in care. As a result of this analysis, in partially privatized systems, as the total number of days increases for a child, so does the number of placements, length of days of the

previous foster care stay, total number of removals and efficiency that the child experiences (see Table 4.7).

Table 4.7

Pearson r Correlation Coefficients for Race/Ethnicity Variables for Partially Privatized Systems

Variable	Child Sex	American Indian/Alaskan Native (race)	Asian (race)	Child of African-American Descent (race)	Child of Hawaiian/Pacific Islander (race)	Child of White Descent (race)	Child unable to determine race (race)	Child of Hispanic Origin (race)
Discharge Reason	.006**	-.015*	-.007*	.034*	-.005**	.011*	-.091*	-.040*
Exited to emancipation	.009*	-.017*	.002	.048*	-.002*	-.036*	-.023*	.016*
Total days stay in foster care	.021*	.033*	.006**	-.205*	.008*	.176*	.055*	.010*
Number of placements	.002	.001	.008*	-.128*	.006*	.106*	.057*	-.001
Length of previous FC stay	.004	.020*	.005	-.114*	.009	.130*	-.030*	-.032*
Total number of removals	.001	.004	.003	-.076*	.002	.056*	.023	-.040*
Efficiency	.014**	.024*	.007	-.185*	.013**	.189*	.008	-.020*
Effectiveness	.007*	-.014*	-.004	.008*	-.005	.026*	-.075*	-.039*

*p <.01 **p<.05

Correlation analysis demographic variables and non-privatized states. A correlation matrix was developed to analyze the relationship of demographic variables and non-privatized states. The efficiency, child sex, child of Hispanic descent, and child of White descent variables maintained positive significant relationships with all other variables (see Table 4.8).

Table 4.8

Pearson r Correlation Coefficients for Race/Ethnicity Variables for Non-Privatized Systems

Variable	Child Sex	American Indian/Alaskan Native (race)	Asian (race)	Child of African-American Descent (race)	Child of Hawaiian/Pacific Islander (race)	Child of White Descent (race)	Child unable to determine race (race)	Child of Hispanic descent (race)
Discharge Reason	.011*	.004*	-.003	.021*	-.003	-.030*	-.008*	.043*
Exited to emancipation	.008*	-.013*	.002	.027*	-.003	-.028*	-.004**	.017*
Total days stay in foster care	.037*	-.017*	.009*	-.081*	.005**	.060*	.047*	.033*
Number of placements	.015*	-.019*	.009*	-.069*	.002	.049*	.035*	-.019*
Length of previous FC stay	.015*	.001	.015*	-.057*	.006	.046*	.018*	.014*
Total number of removals	.014*	-.052*	-.002	-.014*	.003	.016*	.029*	-.020*
Efficiency	.037*	-.011*	.024*	-.089*	.010*	.076*	.027*	.028*
Effectiveness	.016*	-.019*	-.004	.018*	-.001	-.024*	.003	.032*

*p <.01 **p<.05

Correlation analysis independent variables and non- privatized states. The correlation matrix for non-privatized states displayed a variety of relationships between the independent variables. Of the independent variables the following variables portrayed significant relationships: (a) exited to emancipation, (b) discharge reason, (c) total days stay in foster care, and (d) number of placements. One of the relationships demonstrated was a negative and significant relationship between the number of placements a child experiences and effectiveness ($r = -.117$). Literature supports that the more placements a child experiences, the less the child

prospers while in care; thus, the results of the correlation analysis are supported by the literature (Garstka, Collins-Camargo, Hall, Neal, & Ensign, 2012; Freundlich & Gerstenzang, 2003) (See Table 4.9).

Table 4.9

Pearson r Coefficient for Independent Variables for Non- Privatized Systems

Variable	Discharge Reason	Exited to Emancipation	Total days in care	Number of Placements	Length of previous FC Stay	Total Number of Removals	Efficiency	Effectiveness
Discharge Reason	---	.423*	-.104*	-.060*	-.027*	-.026*	-.089*	.917*
Exited to emancipation	.423*	---	-.193*	-.200*	-.111*	-.075*	-.199*	.457*
Total days stay in foster care	-.179*	-.193*	---	.526*	.527*	.190*	.952*	-.076*
Number of placements	-.118*	-.200*	.526*	---	.063*	.098*	.412*	-.038*
Total number of removals	-.023*	-.075*	.190*	.098*	---	---	---	.361*
Length of previous FC stay	-.016*	-.111*	.527*	.063*	---	---	.761*	-.043
Efficiency	-.108*	-.199*	.952*	.412*	.761*	---	---	-.113*
Effectiveness	.921*	.457*	-.076*	-.038*	-.043*	.361*	-.113*	---

*p <.01 **p<.05

DFA procedural steps. Four separate discriminant function analyses were run using the Statistical Package for the Social Sciences (SPSS) version 22 that included an analysis of four different DFA models to determine which variables discriminate amongst the following groups: (1) fully privatized, (2) partially privatized, and (3) non-privatized. The first model used discriminating variables that included: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific

Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, and total number of removals.

The second DFA model consisted of the following discriminating variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals and the efficiency compound variable. The third DFA model included the following discriminating variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals and the effectiveness compound variable.

The fourth DFA model included the discriminating variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals, the efficiency compound variable, and the effectiveness compound variable.

Equality of Variance-Covariance Matrices. Box's M test was utilized to test the assumption that groups have equal variance-covariance matrices (Dattalo, 1994). Box's M has

two underlying assumptions: (1) within-group variances are equal for all variables, (2) correlations between any two variables are similar among groups. For all of the models, equality of variance-covariance matrices could not be assumed (Box's $M = 67592.77$, $F(182, 4890112662) = 371.27$, $p < .001$ (Model 1); Box's $M = 110471.16$, $F(90, 1.194) = 1227.29$, $p < .001$ (Model 2); Box's $M = 314904.89$, $F(90, 1.68) = 3498.82$, $p < .001$ (Model 3); Box's $M = 61,015.50$, $F(110, 4978768827) =$, $p < .001$ (Model 4)) (see Table 4.10). However, DFA is sensitive to large sample sizes, such as the sample used in this study, and there is empirical evidence to suggest that DFA is robust against the violation of the equality of variance-covariance assumption (Dattalo, 1994).

Table 4.10

Box's M Results for DFA Models

DFA Model	Box's M	Equality of Variance (Yes/No)
General Model (Model 1)	Box's $M = 67592.77$, $F(182, 4890112662) = 371.27$, $p < .001$	No
Full Privatized (Model 2)	Box's $M = 110471.16$, $F(90, 1.194) = 1227.29$, $p < .001$	No
Partially Privatized (Model 3)	Box's $M = 314904.89$, $F(90, 1.68) = 3498.82$, $p < .001$	No
Non-Privatized (Model 4)	Box's $M = 61,015.50$, $F(110, 4978768827) =$, $p < .001$	No

DFA Model-General (Model One)

Discriminant function and F-test (general model). The general model consisted of the following variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation,

total days stay in foster care, number of placements, length of previous foster care stay, and total number of removals. The three-group discriminant analysis produced two discriminant functions, which represents the best uncorrelated linear combination of predictors that separates the groups (Tabachnick & Fidell, 2013). For the general DFA model, the first function had a canonical correlation of .331, whereas the second function had a canonical correlation of .169. For functions one through two, Wilk's Lambda equaled .865, Chi-square (26, $N= 73, 193$) 10,623, $p<.001$. For function two, Wilk's Lambda equaled .971, Chi square (12, $N= 73, 193$) 2124, $p<.001$. Therefore, the H_0 of no differences among group centroids is rejected, and the function explains 13.5 percent of the variance among the states that are fully privatized, partially privatized, or non-privatized for functions one through two. Function two explains 2.9 percent of the variance among the groups of states and the H_0 of no differences among group centroids also is rejected. A discriminant score is a weighted linear combination (sum) of the discriminating variables. A group centroid is the mean value of the discriminant score for a given category of the dependent variable (i.e., group). They are a measure of how well the discriminant function distinguishes between/among groups.

Standardized coefficients were used to compare a variable's relative relationship to a function. These coefficients are summarized by function in the Appendix (See Appendix A). In this model, the two variables with the strongest relative relation to the function were: discharge reason and child unable to determine race (see Table 4.11). Structure coefficients were also used to compare a variable's relationship to a function (See Appendix B). In this instance, these coefficients were consistent with the standardized coefficients (See Table 4.12).

Classification of cases. Overall, approximately 49% of the original grouped cases were classified correctly. For group one, states that are fully privatized, 48% of the cases were

correctly classified. For group two, states that are partially privatized, 32% of the cases were correctly classified. Lastly, for group three, states that are not privatized, 59% of the cases were correctly classified.

DFA Model -Efficiency (Model Two)

Discriminant function and F-test (efficiency model). The second DFA model consisted of the following variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals, the efficiency compound variable, and the state levels of privatization. The three-group discriminant analysis produced two discriminant functions. For the efficiency model, the first function had a canonical correlation of .317, whereas the second function had a canonical correlation of .169. For functions one through two, Wilk's Lambda equaled .881, Chi-square (18, $N= 97, 811$) 12, 359, $p<.001$. For function two, Wilk's Lambda equaled .980, Chi square (8, $N= 97, 811$) 2011, $p< .001$. Therefore, the H_0 of no differences among group centroids is rejected, and the function explains 12 percent of the variance among the states that are fully privatized, partially privatized, or non-privatized for functions one through two. Function two explains 2 percent of the variance among groups of states and the H_0 of no differences among group centroids also is rejected.

Standardized Coefficients (efficiency model). In the efficiency model, one variable had the strongest relation to function one ($r= .5$ or above): child unable to determine race (see Table 4.11). Structure coefficients were also used to compare a variable's relationship to a function

(see Table 4.12). In this instance, these coefficients were consistent with the standardized coefficients. See Appendix C and Appendix D for coefficient summaries by function.

Classification of cases (efficiency model). Overall, approximately 49% of the original grouped cases were classified correctly. For group one, states that are fully privatized, 26% of the cases were correctly classified. For group two, states that are partially privatized, 39% of the cases were correctly classified. Lastly, for group three, states that are not privatized, 48% of the cases were correctly classified.

DFA Model -Effectiveness (Model Three)

Discriminant function and F-test (effectiveness model). The third DFA model consisted of the following variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals, the effectiveness compound variable, and the state levels of privatization. The three-group discriminant analysis produced two discriminant functions. For the effectiveness model, the first function had a canonical correlation of .281, whereas the second function had a canonical correlation of .130. For functions one through two, Wilk's Lambda equaled .906, Chi-square (18, $N= 492, 911$) 48, 857, $p<.001$. For function two, Wilk's Lambda equaled .983, Chi square (8, $N= 492, 911$) 8362, $p<.001$. Therefore, the H_0 of no differences among group centroids is rejected, and the function explains 9 percent of the variance among the states that are fully privatized, partially privatized, or non-privatized for functions one

through two. Function two explains 2 percent of the variance among the group of states and the H_0 of no differences among group centroids is also rejected.

Standardized Coefficients (effectiveness model). In the effectiveness model, two variables had the strongest relation to function one ($r = .5$ or above): child unable to determine race and the effectiveness (See Table 4.11). Structure coefficients were also used to compare a variable's relationship to a function (See Table 4.12). In this instance, these coefficients were consistent with the standardized coefficients. See Appendix E and Appendix F for coefficient summaries by function.

Classification of cases (effectiveness model). Overall, approximately 49% of the original grouped cases were classified correctly. For group one, states that are fully privatized, 42% of the cases were correctly classified. For group two, states that are partially privatized, 26% of the cases were correctly classified. Lastly, for group three, states that are not privatized, 63% of the cases were correctly classified.

DFA Model-Efficiency and Effectiveness (Model Four)

Discriminant function and F-test (efficiency and effectiveness model). The fourth DFA model consisted of the following variables: child sex, child of American Indian/Alaskan Native descent, child of Asian descent, child of African-American descent, child of Hawaiian/Pacific Islander descent, child unable to determine race, child of Hispanic descent, discharge reason, exited to emancipation, total days stay in foster care, number of placements, length of previous foster care stay, total number of removals, the efficiency compound variable, the effectiveness compound variable, and the state levels of privatization. The three-group discriminant analysis produced two discriminant functions. For the efficiency and effectiveness model, the first

function had a canonical correlation of .314, whereas the second function had a canonical correlation of .150. For functions one through two, Wilk's Lambda equaled .881, Chi-square (20, $N= 73, 193$) 9,258, $p<.001$. For function two, Wilk's Lambda equaled .978, Chi square (12, $N= 73, 193$) 2124, $p< .001$. Therefore, the H_0 of no differences among group centroids is rejected, and the function explains 12 percent of the variance among the states that are fully privatized, partially privatized, or non-privatized for functions one through two. Function two explains 2 percent of the variance among the groups of states and the H_0 of no differences among group centroids is also rejected.

Standardized Coefficients (efficiency and effectiveness model). In the effectiveness model, two variables had the strongest relation to function one ($r= .5$ or above): child unable to determine race and the effectiveness (See Table 4.11). Structure coefficients were also used to compare a variable's relationship to a function (See Table 4.12). In this instance, these coefficients were consistent with the standardized coefficients. See Appendix G and Appendix H for coefficient summaries by function.

Classification of cases (efficiency and effectiveness model). Overall, approximately 50% of the original grouped cases were classified correctly. For group one, states that are fully privatized, 49% of the cases were correctly classified. For group two, states that are partially privatized, 27% of the cases were correctly classified. Lastly, for group three, states that are not privatized, 61% of the cases were correctly classified.

DFA Model Results

Four DFA models were run in an effort to differentiate three levels of privatization of the foster care system. Overall, the models slightly to moderately discriminate among the three

groups of states based on levels of privatization (see Table 4.13). The grand means (i.e., centroids) for Model 1 (General Model) were as follows: fully privatized, .742; partially privatized, -.042; non-privatized, -.219; for Model 2 (Efficiency Model) fully privatized, .531; partially privatized, -.103; non-privatized, -.263; for Model 3 (Effectiveness Model) fully privatized, .676; partially privatized, -.029; non-privatized, -.168; and for Model 4 (Efficiency and Effectiveness Model) fully privatized, .692; partially privatized, -.015; non-privatized, -.217. These results suggest that the models slightly to moderately discriminate among the three groups of states based on levels of privatization. Specifically, non-privatized foster care systems differentiate the most from fully privatized and partially privatized foster care systems.

This analysis also suggests that there are slight to moderate differences between fully privatized, partially privatized, and non-privatized foster care systems and their rates of efficiency and effectiveness (see Table 4.11). Specifically, these results suggest that the non-privatized groups are both more efficient and more effective, with standardized coefficients for function 1 of 0.015 and 0.712 respectively (see Table 4.11).

Table 4.11

Standardized Coefficients Summary for the Four DFA Models

	Model 1		Model 2		Model 3		Model 4	
	Function1	Function2	Function1	Function2	Function1	Function2	Function1	Function2
Discharge Reason	.811	.304	---	---	---	---	---	---
Effectiveness	---	---	---	---	.653	.096	.712	.333
Child Unable to Determine Race	.510	-.082	.843	.229	.610	-.066	.553	-.039
Efficiency	---	---	.206	-.080	---	---	.015	-.082
Total Days Stay in Foster Care	.149	.540	---	---	---	---	---	---
Asian	.099	.112	.205	.243	.179	.252	.102	.237
Hawaiian/Pacific Islander	.099	.112	.178	.148	.115	.154	.106	.137
Child Sex	-.007	-.046	.008	-.047	-.007	-.008	-.006	-.043
Number of Placements	-.023	-.506	---	---	---	---	---	---
African-American	-.033	-.096	.040	-.120	-.027	.027	-.030	-.099
Hispanic	-.087	-.356	-.136	-.345	-.296	-.649	-.080	-.399
American Indian/AK Native	-.106	.489	-.083	.616	-.085	.414	-.118	.549
Exited to Emancipation	-.200	-.110	---	---	---	---	---	---
White	-.210	.498	-.165	.597	-.174	.561	-.223	.554
Length of Previous FC Stay	-.257	-.342	---	---	---	---	---	---
R_c	.331	.169	.317	.143	.281	.130	.314	.150
Wilk's	.865	.971	.881	.980	.906	.983	.881	.978

Table 4.12

Structure Coefficients Summary of the Four DFA Models

	Model 1		Model 2		Model 3		Model 4	
	Function1	Function2	Function1	Function2	Function1	Function2	Function1	Function2
Discharge Reason	.721	.196	---	---	---	---	---	---
Effectiveness	---	---	---	---	.642	.066	.729	.278
Child Unable to Determine Race	.595	-.233	.901	.078	.656	-.293	.636	-.201
Exited to Emancipation	.189	.001	---	---	---	---	---	---
Number of Placements	.037	-.228	---	---	---	---	---	---
Efficiency	---	---	.204	-.185	---	---	.121	-.101
Asian	.112	.184	.186	.221	.181	.220	.114	.221
Hawaiian/Pacific Islander	.110	.134	.171	.168	.126	.167	.113	.163
African-American	.034	-.539	-.031	-.725	-.026	-.490	.049	-.606
Child Sex	.005	-.031	.006	-.043	-.004	-.004	.006	-.035
Total Days Stay in Foster Care	-.059	.146	---	---	---	---	---	---
Hispanic	-.083	-.403	-.294	-.432	-.237	-.702	-.078	-.465
American Indian/AK Native	-.101	.420	-.118	.537	-.091	.325	-.117	.465
Length of Previous FC Stay	-.185	-.022	---	---	---	---	---	---
White	-.350	.534	-.491	.534	-.354	.563	-.384	.568
R_c	.331	.169	.317	.143	.281	.130	.314	.150
Wilk's	.865	.971	.881	.980	.906	.983	.881	.978

Table 4.13

Correct Classification of Cases for Each Model

	Model 1 (General)	Model 2 (Efficiency)	Model 3 (Effectiveness)	Model 4 (Efficiency and Effectiveness)
Overall Classification	49%	49%	49%	50%
Privatized	48%	26%	42%	49%
Partially-Privatized	32%	39%	26%	27%
Non-Privatized	59%	48%	63%	61%

Chapter Five: Discussion

There have been many states that have transitioned their state-run systems to privatized systems that utilize private organizations for service provision. From a business perspective, privatization has the potential to enhance systemic operations, given that it provides cost-effective service provision, development of performance outcomes, and increased systemic data collection (Freundlich & Gerstenzang, 2003). In other words, privatization of foster care utilizes a rational process of human service management (Hasenfield, 2000). The privatization model is formulated on A) setting goals, objectives, and strategies, b) organizing, identifying, arranging work to carry out plans, C) mobilizing people to do the work, D) planning use of financial resources to attain goal, E) supervising, and F) evaluating the program (Hasenfield, 2000). Though those business components are positive and may enhance systemic functioning, the experience of the child in care, with relation to their trajectory within the system, appears to be missing from the conversation. Having an emphasis on systemic efficiency, without considering how efficiency is connected to the experience of the child and their well-being within the system (effectiveness) can be viewed as problematic.

In other words, it is important to remember that children within the foster care system, such as Jasmine and James who were discussed within Chapter One, live within the foster care system and their experiences are *real*. The foster care system has a primary purpose to ensure the safety and well-being of the children in its care, yet the emphasis of the system has transitioned from maintaining an emphasis on the child and the family, to specifically honing in on outcomes that are *meant* to be connected to the child, but are actually intent on observation of the efficiency of the system itself.

Privatization of the foster care system has transitioned state-run foster care systems with the underlying perspectives of increasing systemic efficiency and effectiveness of the system, yet there has been little empirical research conducted regarding what efficiency and effectiveness *means*. Also, there has been minimal research that has identified whether or not levels of privatization are different in any way.

This study was conducted in an effort to not only develop language and empirical support regarding what *exactly* systemic efficiency and effectiveness of the foster care system could be defined as, but also to ensure that the child remained at the epicenter of those systemic definitions. In utilizing a perspective of the child at the center of the study, this study differs from previous research in that it has an emphasis in not only assessing privatization of the foster care system from a systems perspective, but also including the trajectory experience of the child as a primary focus; thus integrating both micro and macro social work perspectives.

This chapter begins with a review of the limitations of the data, a synopsis of the study's purpose, discussion of efficiency and effectiveness, research design, data collection and data analysis. Next, the sections present a summary of the study's significant findings, along with a discussion of findings in relation to social justice and the profession of social work. Lastly, there are sections discussing the implications for the connection of the results to social work and social justice, direct practice (macro and micro), social work education, and policy implications for social work.

Interpretation of the Data

Limitations of Data

Secondary Data. Data were used from the Adoption and Foster Care Analysis and Reporting System (AFCARS), a federally mandated data collection system overseen by the Children's Bureau intended to provide case specific information on all children during their placement in the public child welfare system (United States Department of Health and Human Services, 2011). This dataset was chosen, primarily because it is one of the only datasets that is inclusive of all 50 states and territories data on all children in state's custody; thus, it was the only way to compare all systems from across the nation; particularly the systemic functioning of each foster care system, with regard to trajectory experience of the child. Utilization of secondary data can be controversial, given that the study conducted was not the original purpose of the data (Rubin & Babbie, 2013). However, it also offers the ability to explore established datasets and address the methodological concerns within those data sets (Secret & Peck-Heath, 2004).

State Limitations. One of the primary limitations to this study was that the data were supplied by individual states, so it is not known how accurate the information each state provided may be. States have the ability to alter information prior to submitting it and unless knowledge of how the foster care system is run in each state is known, the authenticity of the data provided cannot be trusted.

Other state limitations lie in the manner in which each state public child welfare system is run and the level of information the state provides to the public. The diversity of the state's management of public child welfare was somewhat problematic. In this study, there were

barriers regarding the acquisition of accurate state-level information regarding the level of privatization each state utilized. There was little information on state websites regarding how systems functioned, and if information was provided it was incredibly outdated. In an effort to acquire state information, numerous individuals were contacted; however, identifying which individual had the most updated and accurate information was problematic. Many individuals did not understand what privatization meant and could not identify anyone in their organization that had access to that information, besides an administrator. Also, in discussing privatization with administrators and researchers with regard to their state functioning, it became apparent that states were piloting privatization in many different ways. There were also some states that utilized phrases such as “public-private partnership”, so the state system did not agree with being considered privatized. This became a limitation in determining where states should be placed within the analysis. As a result, there were state’s that were placed within levels of privatization that may not agree with where their placement lies within this study.

Essentially, it became evident that when trying to compare state foster care systems, the difficulty lies in that the states differ from one another in a variety of capacities. The only commonality between each state is their client: the child. Other than the emphasis on the child in need of care, state foster care systems are dissimilar, because the state operations dramatically vary from state to state. However, even with the state differences and the difficulties of the dataset, having some information regarding their functionality is better than having no information at all.

Data Analysis

This study utilized a discriminant function analysis (DFA) to assess the three levels of privatization and whether or not there were any differences between each level, as well as each model's rate of efficiency and effectiveness. The results of the data analysis suggest that there are some differences between foster care systems that are fully privatized, partially privatized, and non-privatized. Ultimately, the analysis demonstrated that non-privatized foster care systems demonstrate higher rates of efficiency and effectiveness.

Levels of Privatization. Efficiency and effectiveness have been asserted as two of the primary reasons for a state's transition to privatization (Hubel, Schreier, Hansen, & Wilcox, 2013; Ram, 2012; Chi et al., 2003; Freundlich & Gerstenzang, 2003; Paulson, et al., 2002; Gillespie, 2000; Petr & Johnson, 1999). Within the public child welfare system, privatization enhances efficiency through cost-effectiveness (Hubel, Schreier, Hansen, & Wilcox, 2013; Freundlich & Gerstenzang, 2003) of service provision; whereas effectiveness has been conceptualized as client improvement (Gillespie, 2000), which for this study, is viewed through the lens of a child's trajectory of experience in care.

In this study, the results from the analysis suggest that there are slight to moderate differences between foster care systems that are classified as fully privatized, partially privatized, and non-privatized. This finding of differences between the levels of privatization is one of the first in research that is supported by empirical evidence from a national database inclusive of public child welfare information. Reasons for the differences may be attributed to the structural differences between systems that are fully privatized, in which private organizations provide all of the service provision versus a non-privatized system in which the state is solely responsible

for all service provision. Another possible reason for the systemic differentiation may be attributed to which portion of the public child welfare system is privatized (i.e. family preservation, foster care, or adoption), as well as how many portions of the system are privatized. Nonetheless, the non-privatized system demonstrated the strongest differentiation between all levels of privatization.

Efficiency. Majority of the literature, regarding privatization of foster care, mentions efficiency in some manner (Roin, 2012; Ram, 2010; Steen & Duran, 2010; Freundlich & Gerstenzang, 2003; Gillespie, 2000; Petr & Johnson, 1999). The primary argument for utilization or privatization is often that the model will increase systemic efficiency; however, there has been little discussion regarding what exactly efficiency means, or whether or not different levels of privatization have different rates of efficiency. Within this study, efficiency is operationalized as the cost of service provision; thus, it is connected to the total number of days a child is in care, the number of placements a child experiences, and the length of time a child spent previously in custody. Each of these variables is directly connected to the cost of care for the child, as well as the outcomes that are determined by the federal government and adhered to by individual states.

The results of this study demonstrated that non-privatized states have higher rates of efficiency; whereas states that are partially privatized or fully privatized have lower rates of efficiency. In other words, fully privatized states incur higher costs than states that are partially privatized or non-privatized. Reasons for fully privatized states incurring more costs related to care, could be that the costs of care for the child may be more expensive, hiring more qualified workers could increase costs, the price being paid to the private provider may be more than a typical state-rate, or children may be being discharged from care, but experiencing rates of

recidivism more frequently. On the other hand, non-privatized states may maintain lower costs as a result of ensuring cost-effective service provision.

Effectiveness. Often times, literature also discusses systemic effectiveness as a measure of successful privatization implementation (Pecora et al., 2010; Freundlich & Gerstenzang, 2003). In this study, effectiveness was observed via the rate of the improvement of the child while in care. This was observed with total number of removals, exit to emancipation, and a child's discharge reason from care. The results from this study indicate that non-privatized foster care systems have higher rates of effectiveness than partially privatized or fully privatized systems. Reasons for higher rates of effectiveness may be the result of higher rates of achieved permanency, better service provision, lower rates of child recidivism within the system, or lower rates of children aging out of the system.

Implications for Social Work and Social Justice

Children within the foster care system have faced traumatic situations, not only as a result of the reason that supports their placement in custody, but also by nature of having their guardian being the state. Historically, the children placed in the foster care system maintain socially inequitable positions, as a result of their systematic positionality. The overall goal of the foster care system is to provide safety, timely permanence, assurance that a child is safe from harm, and to assist families in their overall capacity to care for children (Pecora et al., 2000). The foster care system is an entity that is formulated to ensure that children are not living in environments that are unsafe; however, the foster care system is not equipped to provide the parental or supervisory necessities that are needed for a child to transition into a healthy or successful adult.

With the state being responsible for the care of children, it is imperative that the profession of social work begin to transition towards conceptualizing and approaching practice within public child welfare with a lens that acknowledges the differences between how systems are run. Understanding the differences and similarities between public child welfare systems, even within the same level of privatization, has the potential to be useful with enhancing systemic functioning and overall service provision to children. Along with the lens regarding systemic differences, comprehension of the impact of privatization of public child welfare on the well-being of children needs to be addressed as well. Within this study, the results demonstrated that children are staying in care longer and are experiencing more placements in systems that are privatized than in systems that are not privatized. Data analysis also demonstrated that privatized and partially privatized systems also demonstrated higher rates of children aging out of care, which is demonstrative of a higher system failure rate than non-privatized foster care systems. Thus, to continue to imply that privatization of public child welfare does not have an impact on the care provided to children, does not align with the results of this study. As a result, there is a necessity to incorporate knowledge of privatization of public child welfare into the dialogue regarding children in care, as long as privatization models are being utilized throughout the nation.

Social work direct practice. Given the prevalence of privatization and its continued expansion throughout the country, direct service practitioners have an obligation to gain more knowledge regarding the implication of privatization on the public child welfare system and the children served. Findings from this study suggest that fully privatized and partially privatized foster care systems incur higher costs and provide less effective services for children in care. Consequently, the results of this study suggest that children discharge at lesser rates, remain in

care for longer periods of time, and experience more placement settings in systems that have some level of privatization.

These findings regarding practice suggest that more information is needed to determine what is happening in foster care programs throughout the nation. Evaluation of foster care programs and practice evaluation of workers providing services are necessary to allow for meaningful comparisons between models of practice. Information regarding the functioning of foster care programs from state to state would assist in the development of research definitions that are meaningful to workers in direct practice, which would allow for better comparisons between models of privatization from state to state. These forms of comparison would assist practice evaluation, policy making and general aspects of research design related to assessing state foster care systems.

Social work education. A popular area of social work practice lies within the public child welfare system. Public child welfare is an interesting sector of social work practice, because it combines both macro and micro practice components. The macro components are a result of the system being grounded in bureaucracy; whereas the micro component lies in the direct practice occurring between workers and children and families. As social work practice progresses, there is a lessening of emphasis in academic programs on macro practice, particularly as it relates to large system practice regarding administration and management, rather than policy analysis and advocacy. More effort towards enhanced knowledge of privatization of public child welfare, its connection to efficiency and effective service provision, can be included in micro and macro practice of social work. Given the longevity that privatization has had within public child welfare, decreasing macro practice education is a detriment to those who desire to serve children and families from a macro perspective.

As a result of the prevalence of privatization, it is important that social work curricula be inclusive of current child welfare practice models that are being utilized within the public child welfare system, such as privatization. Public child welfare has various levels of complexity, due to the combination of micro and macro practice, along with the bureaucracy that the public child welfare system is grounded in being connected to state and federal government.

Social work academia. As social work academia is transitioning to maintaining a stronger research emphasis, academics must remember that the root of social work is grounded in practice. Social work, as a profession, has a history of seeking legitimization through the professionalization of the field (Fauri, Netting, O'Connor, Coles, & Prorock-Ernest, 2014) from areas such as the acquisition of title protection to clinical licensure. At this time, the legitimization has transitioned into the realm of research; thus, research has become dominant in academia, yet it is not always grounded in practice and a disconnect between research and practice is evident. Research that is not grounded in social work practice cannot be translated well to practitioners in the field. Without research translation to social work practitioners occurring, the purpose of research is lost. Thus, the intersection between research and practice needs to become more sophisticated regarding complex issues and social problems.

Social work practice is the grounding that academia needs to be based in, so that curriculum and research can be reflective of what is current in social work practice. This will allow for students to grow and learn from a more updated perspective, so that they are better prepared when they enter into social work practice.

Policy implications for social work. Besides enhancing social work education and social work practice in its knowledge regarding privatization, there are also considerations for

policy development. Currently, the dominant policies guiding the public child welfare system have an emphasis on ensuring the safety and well-being of the children in care. However, federal child welfare policy does not address the implementation of privatization models, or the impact on the child from the care provided when transitions within systems occur as a result of shifts in privatization. State systems are permitted to transition the functioning of their systems in any way that will continue to allow them to attain the goals set by the federal government. Some ways to address privatization through policy may be for each state to develop policies regarding the implementation and transition to privatization. Given that many states currently use some form of privatization, federal level policies that mandate how privatization is conducted is a necessity to assure equal treatment within the system and to ensure that comparative research and evaluation occurs.

Direction for future research. Comparing state foster care systems is complex and has its difficulties; thus, there were limitations within this study. First, knowledge regarding the functioning of the system is not easily accessible and those with current and accurate information are child welfare administrators and researchers. Many of the mid-level or direct service practitioners that were communicated with did not have accurate knowledge regarding the functioning of their system, or knowledge related to the meaning of privatization. As a result, more privatization research, at the state level, needs to be conducted, as well as translated to direct service practitioners. It is important that research is conducted for and translated to all levels of practitioners, particularly direct service practitioners because there are implications for their practice as a result of the privatization of the system.

A second limitation of this study was grounded within the differences between state foster care systems. The variation between state systems makes it difficult to compare the state

foster care systems, because their differences are unknown to those outside of the state. State foster care systems also function as individual silos; thus, there is little communication between state systems that may have similarities. A mechanism to overcome these state differences is to develop more communication between administrators in each state, so that states can learn from one another and gain other perspectives into privatization mechanisms that are working or not working in states that have similar operational systems.

In moving social work research forward, many areas could be considered for future research. For example, one focus of public child welfare research needs to be on how privatization is functioning within the individual states, and whether or not the models being utilized are appropriate for the state using each model. For example, states such as Nebraska have transitioned to fully privatized systems (Hornby & Zeller, 2015); however, if stronger research was conducted, results of findings may have indicated that the state was more appropriately suited for another level of privatization, or should remain a non-privatized state. Consequently, to begin assessing the appropriate use of privatization, states need to conduct more research regarding the functioning of their privatized public child welfare systems, as opposed to evaluations that tend to present privatization as positive or negative. Research regarding privatization of public child welfare and whether it is positive or negative is informative; however, there are deeper research needs in determining the issues with how privatization is defined from state to state, along with state comprehension of what their overall goals are in utilizing a model of privatization.

Another area of expansion needed in future research would be in comprehending how privatization impacts the workforce. Public child welfare research is often focused solely on “the system”; however, research needs to shift its emphasis and include all stakeholders involved

with the system as well. Currently, very little research has been conducted regarding the perspectives of the individuals working within the different levels of the public child welfare system, with relation to the models of privatization being used by states. Thus, research regarding the perspectives of administrators, clients, families, and the communities involved with the public child welfare system in states utilizing models of privatization are needed as well. Future research studies focusing on direct service workers, supervisors, and administrators and their impressions of privatization from a practice perspective, as well as an employment perspective would assist in gaining understanding of privatization of a system and its relationship to employment. Also, gaining an understanding of how children and families are being served by systems that are privatized would be helpful for service providers, as well as policy makers. As a result, this requires that research transitions towards including the actual processes of service delivery to gain knowledge regarding systemic functioning. Expanding research in this manner would provide information regarding how privatization is impacting the individuals involved with the system. This perspective assists in the knowledge regarding the implications for privatization from the human perspective, which will enhance system and organizational knowledge, while also ensuring that children and their well-being remain the epicenter of the public child welfare system.

Large dataset use in future studies. Ideally, using large existing datasets as a mechanism to understand more about privatization would be optimal in understanding how privatization is functioning throughout public child welfare systems nationwide. For example, a state-based pilot, specifically targeting data collection, that was funded by the Children's Bureau would allow for a comparative study for all states. The results of the pilot could provide the states with reliable information regarding their systemic efficiency and effectiveness that was empirically

based, while also re-engaging interest in dialogue regarding privatization and the implications on children and families.

Another way of gaining the data regarding privatization of state public child welfare systems is to encourage the Children's Bureau to fund states for the acquisition of more targeted data collection, specifically on a more thorough comprehension of the experience of the child in care; outside of information such as number of placements, the total number of times a child has been in care, or categories that are limiting in understanding what is happening to a child in care. Information regarding the child's education, mental health treatment, and overall well-being are essential to truly understanding how privatization is impacting a system, as well as how the functioning of state systems is assisting the child in care.

While using a national dataset was important to convey an understanding of the state of foster care within this country, better data needs to be collected with regard to the public child welfare system. The data that have been collected provides general information regarding the children within the system; however, the data do not accurately depict the experience of the child while in the care of the state. The data accurately depicts the "system"; but, what about the child? More data collection needs to occur that has a sole emphasis on the experience of the child.

Research regarding the disproportionality of children of color in care. It is a well-established fact that children of color are disproportionately represented within the public child welfare system (Blackstone, Buck, & Hakim, 2004; Pecora et al., 2000; Craig et al., 1998), but what that means for the system and how systemic changes should occur needs to be researched as well. It is not enough to state that children of color are disproportionately represented,

because to state it means little. Research questions such as: What is the experience of a child of color within the foster care system? Are there differences between the experiences of children of color and other children within the foster care system? If there are differences between the experiences of children of color and other children within the foster care system, what are those differences? These questions would need to be answered by including mental health, educational, and all other information regarding the overall well-being of children in care. The system has a responsibility to develop interventions and evaluations based on research, regarding how the system can provide sufficient care to ethnically diverse children.

Conclusion

Privatization of public child welfare has greatly increased over the last two decades throughout the nation. Currently, there are three models of privatization of public child welfare being utilized throughout the nation: fully privatized, partially privatized, or non-privatized. Despite the prevalence of privatization, very little empirical research has been conducted to determine whether or not there are systemic differences between the models of privatization, as well as which model demonstrates higher rates of efficiency or effectiveness. This research study is a preliminary attempt in furthering knowledge in the area of privatization of public child welfare. Findings from this study suggest that non-privatized foster care systems demonstrate higher rates of efficiency and effectiveness. However, until there is stronger data regarding privatization of public child welfare, a full view of its impact on the children, workers, and organizations involved within the system is not possible. Therefore, there is a great need for increased research within the area of privatization of public child welfare and its implications for the children that the system serves.

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Appendix A

Standardized Canonical Coefficients-General Model

	Function	
	1	2
Child Sex	-.007	-.046
Child Amer Indian/AK Native	-.106	.489
Child Asian	.099	.203
Child Black/African Amer	-.033	-.096
Child Hawaiian/Pacif Islander	.099	.112
Child White	-.210	.498
Child Unable To Determine Race	.510	-.082
Child Hispanic Origin	-.087	-.356
Discharge Reason	.811	.304
Exited to Emancipation and Age	-.200	-.110
Total days stay in FC- recoded	.149	.540
Number of Placements Recoded	-.023	-.506
Length of Previous FC Stay-recoded (days)	-.257	-.342

Appendix B

Structured Matrix-General Model

	Function	
	1	2
Discharge Reason	.721*	.196
Child Unable To Determine Race	.595*	-.233
Exited to Emancipation and Age >= 18	.189*	.001
Length of Previous FC Stay-recoded (days)	-.185*	-.022
Child Black/African Amer	.034	-.539*
Child White	-.350	.534*
Child Amer Indian/AK Native	-.101	.420*
Child Hispanic Origin	-.083	-.403*
Number of Placements Recoded	.037	-.228*
Child Asian	.112	.184*
Total days stay in FC-recoded	-.059	.146*
Child Hawaiian/Pacif Islander	.110	.134*
Child Sex	.005	-.031*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

Appendix C

Standardized Canonical Coefficients- Efficiency Model

	Function	
	1	2
Child Sex	.008	-.047
Child Amer Indian/AK Native	-.083	.616
Child Asian	.205	.243
Child Black/African Amer	.040	-.120
Child Hawaiian/Pacif Islander	.178	.148
Child White	-.165	.597
Child Unable To Determine Race	.843	.229
Child Hispanic Origin	-.136	-.345
Efficiency Composite Variable	.206	-.080

Appendix D

Structure Matrix - Efficiency Model

	Function	
	1	2
Child Unable To Determine Race	.901*	.078
Efficiency Composite Variable	.204*	-.185
Child Hawaiian/Pacific Islander	.171*	.168
Child Black/African American	-.031	-.725*
Child American Indian/Alaska Native	-.118	.537*
Child White	-.491	.534*
Child Hispanic Origin	-.294	-.432*
Child Asian	.186	.221*
Child Sex	.006	-.043*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

Appendix E

Standardized Canonical Coefficients- Effectiveness Model

	Function	
	1	2
Child Sex	-.007	-.008
Child Amer Indian/AK Native	-.085	.414
Child Asian	.179	.252
Child Black/African Amer	-.027	.027
Child Hawaiian/Pacific Islander	.115	.154
Child White	-.174	.561
Child Unable To Determine Race	.610	-.066
Child Hispanic Origin	-.269	-.649
Effectiveness Composite Variable	.653	.096

Appendix F

Structure Matrix-Effectiveness Model

	Function	
	1	2
Child Unable To Determine Race	.656*	-.293
Effectiveness Compostive Variable	.642*	.066
Child Sex	-.004*	-.004
Child Hispanic Origin	-.237	-.702*
Child White	-.354	.563*
Child Black/African Amer	-.026	-.490*
Child Amer Indian/AK Native	-.091	.325*
Child Asian	.181	.220*
Child Hawaiian/Pacif Islander	.126	.167*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

Appendix G

Standardized Canonical Coefficients- Efficiency and Effectiveness Model

	Function	
	1	2
Child Sex	-.006	-.043
Child Amer Indian/AK Native	-.118	.549
Child Asian	.102	.237
Child Black/African Amer	-.030	-.099
Child Hawaiian/Pacif Islander	.106	.137
Child White	-.223	.554
Child Unable To Determine Race	.553	-.039
Child Hispanic Origin	-.080	-.399
Effectiveness Compositive Variable	.712	.333
Efficiency Composite Variable	.015	-.082

Appendix H

Structure Matrix-Efficiency and Effectiveness Model

	Function	
	1	2
Effectiveness Composite Variable	.729*	.278
Child Unable To Determine Race	.636*	-.201
Efficiency Composite Variable	.121*	-.101
Child Black/African Amer	.049	-.606*
Child White	-.384	.568*
Child Hispanic Origin	-.078	-.465*
Child Amer Indian/AK Native	-.117	.465*
Child Asian	.114	.221*
Child Hawaiian/Pacific Islander	.113	.163*
Child Sex	.006	-.035*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

Appendix I
AFCARS Codebook

Variable Number	Variable Name	Variable Label
1	DataYear	The federal fiscal year covered by this dataset
2	STATE	State FIPS Code: The 2-digit FIPS Code for the state reporting the record <i>Value Value Label</i> 1 Alabama 2 Alaska 4 Arizona 5 Arkansas 6 California 8 Colorado 9 Connecticut 10 Delaware 11 District of Columbia 12 Florida 13 Georgia 15 Hawaii 16 Idaho 17 Illinois 18 Indiana 19 Iowa 20 Kansas 21 Kentucky 22 Louisiana 23 Maine 24 Maryland 25 Massachusetts 26 Michigan 27 Minnesota 28 Mississippi 29 Missouri 30 Montana 31 Nebraska 32 Nevada 33 New Hampshire 34 New Jersey 35 New Mexico 36 New York 37 North Carolina 38 North Dakota 39 Ohio 40 Oklahoma 41 Oregon 42 Pennsylvania 44 Rhode Island 45 South Carolina 46 South Dakota

		47 Tennessee 48 Texas 49 Utah 50 Vermont 51 Virginia 53 Washington 54 West Virginia 55 Wisconsin 56 Wyoming 72 Puerto Rico
9	SEX	Child Sex <i>Value Value Label</i> 1 Male 2 Female 9 Unknown or Missing
10	AMIAKN	Child Amer Indian/AK Native <i>Value Value Label</i> 0 No 1 Yes
11	ASIAN	Child Asian <i>Value Value Label</i> 0 No 1 Yes
12	BLKAFRAM	Child Black/African AmerICAN <i>Value Value Label</i> 0 No 1 Yes
13	HAWAIIPI	Child Hawaiian/Pacif Islander <i>Value Value Label</i> 0 No 1 Yes
14	WHITE	Child White <i>Value Value Label</i> 0 No 1 Yes
15	UNTODETM	Child Unable To Determine Race <i>Value Value Label</i> 0 No 1 Yes
16	HISORGIN	Child Hispanic Origin <i>Value Value Label</i>

		0 Not applicable 1 Yes 2 No 3 Unable to determine
25	TOTALREM	Total Number Of Removals The number of times the child was removed from home, including the current removal.
26	NUMPLEP	Number of Placement Settings During the Current FC Episode The number of places the child has lived, including the current setting, during the current removal episode. Do not include trial home visits as a placement setting.
66	DISREASN	Discharge Reason <i>Value Value Label</i> 0 Not applicable 1 Reunified with parent, primary caretaker 2 Living with other relative(s) 3 Adoption 4 Emancipation 5 Guardianship 6 Transfer to Another Agency 7 Runaway 8 Death of a Child
87	LatRemLOS	Length (days) since latest removal date
89	PreviousLOS	Length (days) of previous FC stay
90	LifeLOS	Total days stay in FC, all episodes
101	AgeOut	Exited to Emancipation and Age >= 18
Composite	Efficiencyrecode	Efficiency <ul style="list-style-type: none"> • Number of placement settings (<i>numplep</i>) • Total days in foster care (<i>LifeLOS</i>) • Length days previous foster care stay (<i>PreviousLOS</i>)
Composite	Effectivenessrecode	Effectiveness <ul style="list-style-type: none"> • Total number of removals (<i>TOTALREM</i>) • Exit to Emancipation (<i>AgeOut</i>) • Discharge reason (<i>DISREASN</i>)
Composite	Privatization levels	State Level of Privatization <i>Value Value Label</i> 1 Fully Privatized 2 Partially Privatized 3 Non-Privatized

Vita

D. Crystal Coles was born on March 5, 1984, in Savannah, Georgia and is a citizen of the United States. She graduated from Harrison High School, Colorado Springs, CO in 2002. She received a Bachelor of Arts in History and Political Science from Friends University in 2006 and a Master of Social Work from Wichita State University in 2008. After receiving her Master of Social Work, she worked as a child welfare, medical, and school social worker in Wichita, KS. She also began teaching as an adjunct faculty in the School of Social Work at Longwood University and Virginia Commonwealth University in 2014.