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S E R V I C E S



empowering, inc. provides high quality business services and training to support the natural development of local, state and national entrepreneurs and communities. By facilitating the growth and development of small businesses and providing support in the start-up and growth stages, our services are able to provide the benefits of entrepreneurship to the underserved and underemployed.

Dear CWTDC Members,

November 8, 2010

The voices of Washington's most vulnerable future assets, the children who require assistance from the Children's Administration (CA), are not being heard! The safety and welfare of at-risk children has to be a top priority.

CA aims to accomplish this by maintaining a network of provider services available to families in need of support that allows the opportunity for the children to safely remain or re-unify with their families and safely reduce the number of children in out-of-home care. As you know, we in Washington are now moving to implement the privatization of child welfare through Second Amendment HB2106. However, to be successful, reform must provide clear guidance and oversight, protect the safety of children, the rights of families and include the commitment of resources and providers in the right places at the right time.

How can we in Washington make sure we do not go through the same fiscally irresponsible privatization reform that has threatened the safety and rights of this same vulnerable population in other states, like Nebraska, where Master Contractors are pulling out -- going bankrupt? ***Citizens of Washington count on you to improve this process, quickly.***

I suggest requiring CA to develop two distinct PHASE I plans tailored for our state's unique demographics, so we do not have all our eggs in one basket and can measure and compare the differences in both costs and outcomes.

1. As already proposed, a primary single Master Contractor for Regions 2-6, and
2. Because of the sheer size of Region 1 (about half of the State), which has the most challenging remote areas of our state, four Master Contractors, ***one per service category***, as CA originally planned and had providers prepare for.

As it stands, a single Master Contractor in Region 1 would be stretched to provide services in remote Washington counties; and like in Nebraska, the state would be faced with the protection of children while the providers are dropping out unable to afford the subsidy required to uphold their state's privatization plan. Ultimately, this is costing taxpayers ***much more*** in Nebraska, now and in the long run. Having two Master Contractors in Region 1 covering all service categories will create more chaos for CA, the Master Contractors and providers who maintain the service network.

Further, I ask you to take action to:

- ***Uphold CA's promise to accept and include the input of providers on the RFP***, which providers still have not seen a draft of, although its final release is scheduled in weeks.
- ***Require a fair process for selection of the RFP selection committee members***, INCLUDING local CA staff, local providers, local graduates of child welfare system, foster parents and adult foster youth. To date, we have NO information on WHO or HOW the team will be assembled. We do want to see a selection process that does value local regional communities, includes all stakeholders and offers a diversity of knowledge. The providers being judged still have no information about how the selection committee will be made.



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T O P O S S I B I L I T I E S

- **Require CA to direct funding to providers, who are necessary to maintain fragile care networks during ongoing and severe budget cuts.** The current economic climate is NOT one conducive to Washington's success in privatization of Child Welfare. Providers are already scaled back, subsidizing their work for CA and cutting jobs. Businesses are not secure from closure- bad business for our government during recession.
- **Require CA to build in protections of programs Washington tax payers already invested millions in.** Evidence based programs, like HOMEBUILDERS® are threatened. Dollars invested will be wasted.
- **Require CA to more clearly define the roles of CA Social Workers and Master Contractor Care Coordinators.** The current CA approach guarantees a more bumpy start up than needed and increases the chances that Master Contractors will not survive because CA Social Workers still drive the case planning and service array for each family, yet the Master Contractor must PROVIDE the services without any control over containing costs. Why would CA Social Workers NOT require all the services needed to support a family? How can a Master Contractor provide this without adequate funding- which prevents CA from reaching remote areas now? The unintended consequence will be failure of the process, of Master Contractors and of small businesses serving families and providing jobs to Washington residents.
- **Extend the time line to reply to the RFP because providers STILL have no concrete fiscal information from CA to develop sustainable plans.** Require CA to provide needed information prior to releasing the RFP.
- **Require CA to formally and adequately educate internal staff and communities about this process.** The lack of understanding of referring Social Workers is creating a chaotic atmosphere of fear. CA staff fear for the loss of their jobs, and they work hard to protect our children. Providers require referrals from CA Social Workers to survive, yet budget cuts have CA reducing approvals of needed services, dependency filings are up as families are more and more stressed by poor economic conditions, **and ultimately the costs of children in care is rising, not falling NOW**, yet funding to serve them is declining. The Master Contractors selected must carry out the same services in more places, and without adequate funding we can count on the exact opposite outcome of this well intended bill- more out of home placements, more child deaths, more injuries, increasing costs and higher litigation expenses for CA paid for by TAX dollars.
- **Develop an Oversight Committee that follows the entire Phase I and II processes.**

Thank you for listening to your constituents and small business owners who are being affected by SAHB2106. **We are desperate for your action to more tightly oversee this project, the largest reform of Child Welfare in Washington's history. Everyone involved has the good intention of improving the system, though many are not convinced this will accomplish the end desired.**

Respectfully,



April Cathcart, Director

Carbon copied: Governor Christine Gregoire; Secretary Susan Dreyfus; Assistant Secretary Denise Revels Robinson; CWTDC members  
 Enclosed: Two Journal Star articles and one advocacy blog regarding failure of privatization in Nebraska



## Neb. Foster Care Review Board lambasts foster care reform

By JoANNE YOUNG / Lincoln Journal Star | Posted: Friday, October 22, 2010 7:00 pm

Two weeks ago, Nebraska Foster Care Review Board member Marcia Anderson called the state's child welfare reform an "environment of chaos."

That was one week after a third private foster care provider pulled out of a contract with the state.

A week later, state Department of Health and Human Services officials announced it was handing over more responsibilities to the two remaining contractors, KVC and Nebraska Families Collaborative.

That meant layoffs for children and family service specialists who work for the state, but a specific number of layoffs has not been announced.

"We've been patient with (HHS and the private providers) a long time," Anderson said at an Oct. 8 meeting of the Foster Care Review Board. "I don't see the providers getting the feet under them we had hoped to see by now."

On Friday, the board and its director, Carol Stitt, stepped forward with serious concerns about how child welfare reform is progressing.

"Now they are talking about dismantling our whole case management system, and lead agencies have not shown the ability to take over these responsibilities," Stitt said.

A letter to the department's CEO Kerry Winterer, Speaker Mike Flood of the Legislature and two legislative committee chairmen detailed the board's concerns and made six recommendations. The board said the system must be stabilized and a thorough review of reform be conducted by HHS, the courts and the Legislature.

The Review Board's role is to track, review and make recommendations on more than 4,400 children in out-of-home care.

On Thursday, Lincoln Sen. Danielle Conrad sent a letter to Health and Human Services Committee Chairman Tim Gay and other senators asking for a special investigative committee devoted to identifying problems with privatizing the child welfare system. The committee would be modeled after the Beatrice State Developmental Center investigative committee.

Flood said Friday he is researching rules regarding establishing a special investigative committee outside of a legislative session. The BSDC committee was created during the 2008 session.

The Foster Care Review Board letter said children are not being properly tracked as they enter and move around in the system, which is "a major concern for children's safety."

By law, child placement changes are to be reported within three days, and a more detailed report made monthly.

"This information has consistently been missing from case files," the letter said.

Children and families are being disrupted, it said.

Every time a major change with lead providers has occurred in the reformed system, HHS officials have said they would act to minimize disruption to foster children and families.

But the Review Board said it has received numerous reports from attorneys appointed to look after the best interests of children

in the system, and from foster parents and others about serious disruptions in care.

Foster parents are being paid less to do more work, including supervising biological parent visitation, which can be a conflict of interest.

Because of payment issues, appropriate foster care placements have been more difficult to find.

Mindy Parker, a six-year Lincoln foster parent, said that since the transition to reform she has felt children's safety is no longer a priority. Getting cases closed seems to be the most important issue, she said.

"Children are being forgotten along the way," she said.

She cited the case of a 2-year-old foster child in her care since birth who was returned to her biological parent without any warning or effort to prepare the child.

"We are trained as foster parents to fight for these kids, to be their voice. But after a while, you get worn down," Parker said.

The review board reported that in the past few months, more than 50 foster parents told staff they intended to stop being foster parents. They cited payment issues, the logistics of transporting children and being asked to supervise visits.

Some therapists and service providers also report they will no longer serve foster children, the letter said.

HHS will transfer case management to the private providers by Jan. 1, but has not demonstrated it has the structure to provide meaningful oversight of the contracts, the review board said.

The board is asking that funding information be made more public, and is requesting that state Auditor Mike Foley examine where state and federal dollars have been spent on reform to date and how it will be spent in future contracts.

"Transparency is important in state government," the board said, asking for a more detailed plan and more input from a variety of stakeholders.

Foley said he agreed the reform needs more oversight and auditing. His office is finishing up three major audits in the remainder of this year, he said, but when time and resources are available, "I intend to direct my attention to this matter."

Winterer commented briefly, saying he had received the letter late Friday morning.

"I appreciate the board's concerns from their perspective," he said. "The letter is lengthy and we want to take the time to review it carefully in its entirety before responding."

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## Visinet's bankruptcy shrinks Nebraska foster care lead agency pool

BY JoANNE YOUNG / Lincoln Journal Star | Posted: Thursday, April 8, 2010 10:35 pm

The number of lead agencies in Nebraska's foster care program dropped from five to three within a week.

Visinet, a private provider in the southeast and eastern service areas, which include Lincoln and Omaha, lost its contract with the state after it declared bankruptcy on Thursday.

The state terminated its contract with Visinet on Thursday afternoon, said Kathie Osterman, spokeswoman for the Department of Health and Human Services.

Osterman said the department would work with Visinet to make the transition to one provider in the southeast service area "as seamless as possible for the benefit of children and families."

Visinet filed Chapter 11 bankruptcy on Thursday. The organization, which primarily cares for children who are wards of the state, said in a news release it intends to work out a plan of reorganization to continue to provide those services.

"At the present time, Visinet is unable to carry out all of its obligations due to unanticipated extension of services requested in the new contract with the Department of Health and Human Services," the agency said.

It intends to continue to provide supervisory and direct services to children referred to Visinet for an indefinite period, depending on what can be worked out with the courts and HHS.

The loss of Visinet as a lead agency comes on the heels late last week of Cedars' announcement that it would pull out of its contract with the state as of June 30. Cedars President and CEO Jim Blue said financial projections showed his agency would lose \$5.5 million next year as a result of the contract with the state.

The state had six private providers lined up to take over foster care service coordination while the state maintained supervision over the program.

One provider dropped out before contracts were signed late last year, which left five providers for five geographic service areas.

Three providers had contracts in the southeast area. Now only KVC, an agency established in Kansas, remains in that area.

In the eastern service area that includes Omaha, only KVC and Nebraska Families Collaborative remain. Nebraska Families Collaborative includes Boys Town, Child Saving Institute, Heartland Family Service, Nebraska Family Support Network and OMNI Behavioral Health.

Boys and Girls Home of Nebraska serves the remaining areas.

Todd Reckling, director of Children and Family Services at HHS, said last week that the first 12 to 18 months of shifting to a new system is a time of risk to the state and providers. Implementation occurred in stages, completed for all service areas by March 31.

Agencies had said from the beginning the amount of money the state dedicated to the child welfare reform project was a challenge.

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## Advocates Weigh In On Nebraska's Foster Care Privatization Efforts

2010 October 23  
Posted by ethoma

In case you missed out on the news, Nebraska is in the process of “reforming” its foster care system by being the latest to hop on board the privatization bandwagon.

As The Reader explains: “The reform process was designed to leave the government responsible only for providing case managers. Five contracted private agencies were to handle all other services, both in and out of the home, for an estimated 10,000 children statewide, according to December 2009 statistics from the Nebraska Department of Health and Human Services.”

It all started back in 2008, when Nebraska's Department of Health and Human Services announced an initiative called Out-Of-Home Care Reform. The State contracted with five lead agencies to provide safety and in-home services to children and their families. By November of 2009, service coordination began being passed from DHHS to the five private agencies, and the process was said to have been completed in April of 2010.

By October of 2010, legislators and advocates alike were raising concerns. The Omaha World-Herald reported that State Senator Kathy Campbell of Lincoln raised her concerns after state officials announced that they had agreed with the Boys and Girls Home of Sioux City to end the agency's contract.

“I think there's just a number of questions that come to mind about the future,” she said.

“Nebraskans can clearly see the struggles of a child welfare system in trouble,” said Kathy Bigsby Moore, executive director of Voices for Children of Nebraska.

Moore said her group has “grave concerns” about the safety and well-being of the children and families affected by yet another transition in services.

On September 29, the Grand Island Independent called the effort “a failed experiment.” The editorial continues on to explain: “The evidence continues to mount that Nebraska's move to privatize the foster care system has been an utter failure. Day after day brings more evidence that the system is broken.”

The editorial concluded that: “State HHS officials and Gov. Dave Heineman need to step up and admit

that the privatization of the foster care system hasn't worked and that children and foster parents are being hurt."

On October 19, Nebraska Applesseed expressed similar concerns about the reform efforts, asking whether the State was heading in the right direction. As Applesseed explained: "We are concerned about the impact of these substantial changes on children and families in the system, particularly at a time when the system is already in flux."

Applesseed concluded that: "This reform, not even one year old, has resulted in turmoil for hundreds of children and families, state and private agency employees, and community based agencies in our state as well as the loss of millions of dollars."

Yesterday, Nebraska's Foster Care Review Board weighed in on these very issues in a letter addressed to legislators.

"The implementation of the Reform was besought with problems from the start, as evidenced by CEDARS withdrawing from their contract on April 2, 2010, Visinet declaring bankruptcy and subsequently ceasing operations on April 16, 2010 and now Boys and Girls contract terminated effective October 15, 2010. As a result of the failure of these three Lead Agencies, the Reform has undergone constant change, has not been fully staffed resulting in multiple staff changes, payment delays to foster families and service providers, documentation issues, difficulties accessing services, visitation supervision issues and delayed permanency," the letter explains.

Based on 340 case reviews conducted by the Board in September of 2010, 34.7 percent lacked home study documentation; 30.6 percent lacked immunization records; 29.4 percent lacked placement reports; and 27.6 percent lacked visitation or other such reports.

Among other issues identified by the Board: "Foster parents report they are receiving less reimbursement than prior to the reform. They also report they no longer receive respite care or clothing reimbursement."

Money is always at the heart of the issue, as the Board's letter also explains that: "Therapists and other service providers report leaving the foster care system due to payment issues, or issues in which certain contractors will only utilize particular therapists with whom they presumably have an economic relationship."

A recent report issued by Nebraska's Platte Institute bears out the perverse financial incentives. The Institute found that: "The current system creates an incentive to shuffle a child into foster care, not because it is the best option for the child, but because in many cases funding is sure to follow. On the other hand, alternatives that actually cost less and are more effective are not taken into serious consideration."

It is the children and their families that suffer the consequences, as the Foster Care Review Board notes also that: "Visitation sessions have been cancelled due to a lack of transportation driver."

Children are being also being shuffled through multiple placements, a longstanding problem. The board notes that "Over 2,700 children have been directly affected by having their Lead Agency change at least once. Those changes result in having to work with new staff who lack case knowledge resulting in key documentation not being kept and services not being delivered."

## REAL REFORM

A September 10 editorial in the Journal Star strikes at the very heart of the problem – Nebraska's high child removal rate. The editorial explains:

New data from the U.S. Department of Health and Human Services show a widening gap between Nebraska and the rest of the nation in regard to the number of kids in foster care.

This trend is disturbing and should be a cause for action.

One of the key figures tracked by the federal Administration for Children and Families is the number of children placed into foster care.

Nationwide, this figure declined 6.5 percent in 2009. But in Nebraska, entries into care rose nearly 7 percent to 3,563 children.

This figure alone should force a re-evaluation of how Nebraska trains those on the front lines of child abuse and neglect reports to make decisions on whether to remove a child.

"Nebraskans can talk about being the heartland all they want, but when it comes to child welfare, it's Nebraska that's out of touch with America," said Richard Wexler of the National Coalition for Child Protection Reform.

The editorial ultimately concludes: "Our status among the worst states in regard to best practices makes it imperative for state leaders to look at all possible avenues to make improvements and to do so with all deliberate speed. Our most vulnerable children are depending on it."

As I note in my report on the privatization efforts in Kansas, clearly fast-track privatization is no panacea for our ailing patient.

Welcome to the grand social experiment called privatization – an experiment gone awry. It is a system that today rewards private service providers for the failures that have historically been relegated to the states.