

**COST MATTERS:**  
**AN ANALYSIS OF COST SERVICE PROGRAMMING AND**  
**ORGANIZATIONAL SUSTAINABILITY FOR CBC CIRCUIT 12**

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## **Abstract**

In recent years, policymakers and community leaders have expressed concern about the growing problem of overspending on child welfare services. While most agree that the issue deserves attention, consensus dissolves around how to spend money received from government contracts. This study examines how a community based care organization spends the money received from government contracts on placement versus diversion services. The paper compares utilization of services against client factors of age, race, maltreatment types, and length of time of service. This examination of child welfare through the operations of a nonprofit organization points out limitations of the child welfare system and suggests the need for a comprehensive solution that combines community, political and social approaches to these complex problems.

## **Dedication**

I would like to dedicate my dissertation to Ed McBride for all the support and opportunities provided over the years. Few leaders cultivate and nurture their employees to successful outcomes, but you did and I thank you. In addition, to the women and men of the community based organization in Circuit 12 and their hard work and willingness to do the job that many cannot by providing a safe environment free of abuse and neglect to Florida's children.

"We cannot solve our problems with the same level of thinking that created them." Albert Einstein

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## **CHAPTER 1 INTRODUCTION**

### **Introduction to the Problem**

In an effort to combat the issue of overspending in child welfare, the US government made a historic decision to develop new relations within the community. In an executive order, on January 29, 2001, President George W. Bush created the Office of Faith Based and Community Initiatives (OFBCI) to develop cooperation between the Young Men Christian Association (YMCA) and the government (Office of Faith Based and Community Initiatives, 2001). In that order, the president noted that the “faith-based and other community organizations are indispensable in meeting the needs of poor Americans and distressed neighborhoods.” Further, the President argued that government would not nor could not be replaced by any organization, but it could be enhanced through partnership. The overriding goal was to create compassionate results by incorporating the use of private and charitable community groups, including religious ones. Additionally, the president wanted to ensure that all groups had the fullest opportunity permitted by law to compete in order, “to achieve valid public purpose, such as curbing crime, conquering addiction, strengthening families and neighborhoods, and overcoming poverty.” As a result, the change in the point of view coupled with the willingness to allow private organizations to provide services for the betterment of society provided the opportunity to involve community based non-profit organizations in child welfare.

The Salvation Army and Metropolitan Ministries are examples of organizations that function within this community of service providers, which are part of a social

enterprise commonly called non-profit. The non-profit sector is a large and valuable industry in the United States and it contributes to the domestic economy by serving the welfare of individuals, families, and culture through philanthropic, social service, and religious activities (Burlingame, 2004; Grobman, 2005). In 2008, the National Center for Charitable Statistics (NCCS) documented the non-profit sector to be over 1.4 trillion dollars in revenues and 1.34 trillion in total expenses. In 2009, the NCCS reported those figures amounted to 20% from contributions, gifts, and government grants; 70% from program services revenues, to include government fees and contracts; and 10% from “other” sources, including dues, rental income, special event income, and gains from goods sold. Those statistics demonstrated service revenues that received support from government fees and contracts as the major component of non-profit funding. In 1999, the NCCS recorded that there were 492, 693 501(c) non-profit organizations, which accounted for 41% of all organizations. By 2009, there were 453, 824 non-profit organizations, which accounted for 28.7% of all organizations. Sustainability in corporate America seeks to be the main goal for profit and non-profit organizations.

The Brundtland Commission formally known as the World Commission on Environment and Development developed a definition that “views sustainability as that which fulfills the needs of the current generation without compromising the ability of future generations to fulfill their needs” (World Commission on Environment, 1987 p.43). Solow (1991) pointed out that sustainability is more about who is entitled to receive what resources as well as the well-being of people between now and in the future. Further, Solow believed that the market did not adequately represent the future. In Solow’s (1991) research, the discussion was put forward that each of us knows that we

can profit at the expense of the future rather than at the expense of our contemporaries and the environment. Solow's (1991) presented the concept of sustainability as a moral obligation, or as a vague notion with a general guide to policies that had to do with investment, conservation, and the use of resources. That moral obligation placed additional strain on the organization by ensuring they were responsible with the funds received from the government.

The community based care organization (CBC) in Circuit 12 has a responsibility to act in a responsible manner by displaying corporate social responsibility which is defined in the literature as a voluntary corporate action designed to advance social conditions (Mackey, Mackey & Barney, 2007), or corporate actions not required by law, which may benefit the organization (McWilliams & Siegel, 2000). Therefore, organizations that do not meet the expectation of managing their monies responsibly fall short of forming a buffer, and stand exposed to potentially greater impacts (Sjostrom, 2009). For community based care organizations (CBC) that new direction brought fresh opportunities for collaborating with other organizations, state, and local government to promote a positive community agenda.

### **Background of the Study**

The Florida legislature mandated that the Department of Children and Families (DCF) establish pilot programs to privatize child protection services (Hollis, 2000). Through contracts with community based agencies the state moved toward privatizing the entire foster care system by 2003 (Florida State Statute. 409.1671(1) (b), F.S.). The Department of Children and Families restructured fifteen districts to seven regional

offices in an effort to reduce its \$3.7 billion budget and 28,253 staff over the next few years (Hollis, 2000). In 1998, based on data reported by the states, the U.S. Department of Health and Human Services estimated that child protective service agencies received about 2,806,000 referrals of possible child abuse or neglect. Of that number, agents investigated 66% of those referrals, and the states discovered that an estimated 903,000 children were victims of abuse and/or neglect (Snell, 2000). Those trends caused the government to review how child welfare services coupled with financial support were delivered and by whom.

Based on previous data from 1998, legislation mandated that the Department of Children and Families District 6 establish a contract with the community based care organization by July 1, 1999 to provide child welfare services (Peacock, 1999). With the establishment of the contract, the community based care organization (CBC) became one of the first organizations to participate in privatization of child welfare in the State of Florida. In addition, along with local business involvement, the community based care organization receives financial support from three major community foundations as well as the county and state (Snell, 2000). That relationship brought new opportunities for collaboration with other organizations, and both state, and local government in an effort to provide child welfare services.

In 1997, the State of Florida reimbursed the CBC for about \$3 million the amount the district had budgeted before privatization, but the program cost was \$4.5 million a year (Snell, 2000). The balance comes from community donations and Medicaid, which were part of the revenue when the state ran the system. Further, as a means to reduce cost, Florida began using managed care for some services (Snell, 2000). Managed care

offered the opportunity to gain control over the accountancy issues that arose from resource allocation and depletion, which occurred when money for services were overspent prior to contract replenishment by the governmental agency overseeing the services (Snell, 2000).

State leaders have shown that their reasons to select managed care strategies vary, however, the observed most critical feature is the underlying shift away from per diem or fee-for-service payment to fixed reimbursement for a range of services to be provided to a predetermined range of clients (Wulczyn & Orlebeke, 1998). Additionally, the Government Accountability Office, GAO/HEHS-00-158 report showed that managed care within child welfare has two primary elements. Those included a financing system, for prospective, fixed payments or a fixed fee for eligible clients. Further, there was a system with single-entity responsibility for ensuring that the receipt of appropriate and quality services.

In other states, non-profit, government contractor's relationships experience significant cost increases due to court delays and large foster care caseloads. However, new contracts were set on a per child per month rate-payment system, rather than the one-time case rate paid system under the initial contracts (Kansas SRS, 2000) to provide balance in cost versus benefits received. Another unanticipated challenge was the unexpected flux of children in foster care, and the increase over burdened the new system because of a shortage of foster homes. That housing shortage caused many children to be placed in more expensive group home settings until new foster parents were recruited (Snell, 2000).



Group home placements brought institution type living with revolving staff instead of foster parents for children as well as a large price tag. The long delays for children in care resulted in more expensive foster care placements, which led to significant cost for foster care providers. Some of the costs of the group home settings ranged from \$79 per day to \$150 per day with an average cost of \$110 per day as reflected in the Out of Home Price Sheet. The overall cost demonstrates a cost of more than \$31,050 for one child in care for a nine-month period or the statute identified time frame for intervention. This research study reviewed the cost effectiveness of both options that are available for the family and the community based care organization in Circuit 12.

### **Statement of the Problem**

Florida sought changes to the child welfare system to combat child deaths, overzealous child removal, and to stop the pendulum from swinging. Various states, made the effort to find ways to reduce the scope of their child protection efforts, while prioritizing to devote more resources to serious cases of child abuse (Snell, 2000). Those changes represented an opportunity to change the child protection system to a competitive, outcome-oriented system that focused on specific performance measures such as increasing adoptions, ensuring child safety, reducing the time children spend in foster care and reducing cost (Snell, 2000).

Since the inception of privatization, it is unknown to what extent the financial benefits outweigh the cost of services provided to children in foster care. Therefore, the problem investigated in this research study is a) the impact of the decision to use cost

service programming funds for placement versus diversionary Services b) how that utilization affects the community based care organization's ability to survive. By using a cost benefit analysis, which applies economic theory to public and private financial decisions, the researcher will attempt to determine if the CBC is reflective of goal attainment outlined in their contractual outcomes. With a cost benefit analysis, Cartwright (2000) theorized that stakeholders were seeking to streamline services, eliminate inefficiencies, and facilitate cost-savings efforts through informed planning, moral decision-making, and rational budgeting.

### **Purpose of the Study**

The purpose of this study was to contribute additional research to the field of management by providing a study that would identify the impact that service choice has on the CBC's ability to survive. The identification of detailed cost and benefits through analysis might answer critical questions that shift the CBC's initiative to functioning project, which shows a monetary or social return or both on the investment, the people. In this study, the research established if a statistical significance exists between two groups and identified factors. Group A includes the participants who receive fee based foster care placements, and participants in Group B are those individuals who received diversion services or fee paid services. In addition, the research study investigates the organization's overall ability to survive.

McBeath, Collins-Camargo, and Chuang (2011) suggested that there was a need for research, which focused on identifying the implications of the organizational processes that affected client outcomes. The literature suggested additional research to

investigate possible associations between major agency attributes such as, budget composition, contractual arrangements, service array, inter-organizational collaboration and competition, and performance management strategies, frontline service delivery and child and family outcomes. Consequently, recent studies have uncovered relationships between agency inter-organizational relationships and frontline service provision of child welfare (Chuang & Wells, 2010; Wells, Chuang, Haynes, Lee, & Bai, 2011).

### **Rationale**

The lack of accountability by the state to record and manage all monies provided to private agencies charged with performing duties as agents of the state bring concern. According to Green, Boots and Tumlin (1999) states are not required to report discretionary expenditures on child welfare services or data on the amount of state dollars used. Arguably, the CBC has periods of financial instability and struggle with performing ongoing analysis to identify strengths and weaknesses that affect the organization both internally and externally. This researcher explored the use of funds within the organization particular that CBC has at their disposal for which they can build more effective and thriving organizational opportunity.

### **Research Questions**

The proposed research questions addressed gaps identified in the literature relating to causal relationships between the costs and benefits of child welfare. In this study, the theory of causal inference tested the hypothesis as a tool for inferring causality between types of service used and identified client factors that led to the effects of

intervention and program utilization. In addition, the study investigated the costs and benefits of placement and diversion services in child welfare as illustrated by confirmatory program evaluation. The research addressed the following:

R1: What is the statistical significance associated with the causal inference between the cost of intervention and program utilization? Causal inference in epidemiology is an exercise in measurement of an effect rather than as a criterion-guided process (Rothman, Greenland & Stat, 2005).

R2: What is the statistical significance associated with client demographic factors of age, race, maltreatment type, and length of time of service among children receiving placement or diversion services provided by the CBC? Kirk and Griffith (2004) suggested that high-risk minority children receiving traditional services are at higher risk of placement compared to white children but minority children receiving intensive family preservation services or diversionary services are less likely to be placed in foster care compared to white children.

R3: What is the statistical difference between the uses of placement as an intervention versus diversion services?

### **Research Hypotheses**

The following hypotheses guided this study:

H<sub>0</sub>: There is no statistical significance associated with the causal inference between the cost of intervention and program utilization.

H<sub>1</sub>: There is statistical significance associated with the type of services received based on the client demographic variables age, race, maltreatment type, and length of time of service.

H<sub>2</sub>: There is a statistical difference in the use of placement versus diversion services.

H<sub>3</sub>: There is a positive correlation between organizational sustainability and utilization of diversion services.

## **Significance of the Study**

Throughout the long history of child welfare, little was captured surrounding the totality of cost associated with executing services and the continued escalation of dollars spent in out of home care. As a result, legislation passed in 1996 called for the establishment of five privatized pilot projects at select sites in the state of Florida. Florida Statute 409.1671 dictates that the Department of Children and Families (DCF) develop contracts with community-based agencies for the five pilot projects during fiscal year 1996–97 with the intent of strengthening the support and commitment to the communities for reunification of families. The intent was to increase system efficiencies and accountability (Barnett, Dollard, Brown & Lipien, 1999) to ensure program success. This study attempted to establish a clear link between program utilization and organizational sustainability. This study is significant in that it could provide findings that can identify gaps in services to local community and family support for certain populations and address-preconceived ideas on the part of the frontline staff and supervisors surrounding program choice.

## **Definition of Terms**

The focus of the study was a cost-benefit analysis of child welfare and the use of cost service programming on services provided by the CBC. The following terms were defined for the purpose of this study.

**Benefits related to cost services programming cost** include but are not limited to resource allocation, opportunities, reimbursement, or remuneration provided (Michael, 2005; Pratt, 1997; Roller, Andrews, & Bovee, 2003; Stefan, Gillies, & Biordi, 1992) from a review.

**Child Welfare Services** are designed to ensure the safety of children. As such, they span a broad range of activities, including supporting and preserving families, investigating reports of abuse or neglect, protecting victimized children, and assisting children temporarily or permanently removed from their parents' homes (Green, Boots & Tumlin, 1999).

**Costs related to cost services programming** is the investment of resources to achieve organizational goals and outcomes. Resources that comprise cost include but are not limited to the commitment of finances, personnel, consultants, and physical resources (Michael, 2005; Pratt, 1997; Roller et al., 2003; Stefan et al., 1992).

**Managed Care** incorporates child welfare services within a Medicaid 1915(b) waiver that is publicly managed and used in the child welfare system for use of Medicaid financing (Bruner, 2000).

**PRWORA** refers to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), refers to a monumental shift in the way the government conducted services by developing limits and allowing the community to drive the services with oversight from the government (Winston, Burwick, McConnell & Roper, 2002).

**Temporary Assistance for Needy Families (TANF)** Under PRWORA, the federal government made no provisions regarding asset limits, including vehicle exclusions, so states have the flexibility to set their own asset rules. PRWORA did give states the authority to use TANF funds to create individual development accounts (IDAs), a form of restricted savings account that allows recipients to accumulate savings to be

used for postsecondary education, homeownership, and business capitalization (Gallagher, Gallagher, Perese, Schreiber & Watson, 1998).

### **Assumptions and Limitations**

The nature of this study required the use of data previously collected by the CBC. It was assumed that the service quality had no bearing on the identification and use of the service but that it was chosen because it met the needs of the individual based on an assessment. Another assumption in the use of the regression analysis was that a non-experimental study results would depend upon the accuracy of the data. We assumed the variables are normally distributed and express a linear relationship between at least two of the variables. This analysis has several limitations the fact that it utilizes a two-dimensional approach to organizational control as represented by the influence of the community and government on the organization and that influence may or may not be measurable. The focus of this study was on the understanding of meeting the outcomes as much as it was on hypothesizing about which type of service, for example, placement versus diversion services was most appropriate.

Another limitation is the analysis makes a key assumption that the organization's corporate focus is one of sustainability. Organizations are not the only entities that advocate sustainability while practicing excessive spending. Although an analysis of the connection between individual beliefs and behaviors is beyond the scope of this paper, and however remains a worthwhile investigation. A third limitation was this analysis is based in part on the existing literature, which is few and may not reflect broader realities. Furthermore, modeling and comparing these, types of influences may have been done

elsewhere and were beyond the scope of this particular study, but should be accounted for in future research.

### **Theoretical/Conceptual Framework**

This study encompassed the theoretical framework of decision-making. Included in the study is the foundational work of judgment and decision-making by Hammond (1955), and Edwards (1954 & 1961). This field has also received support from economics, psychology, and engineering fields (Baumann, Dalglish, Fluke & Kern, 2011). Contributions to the field have provided insight and understanding about decisions made by child welfare protective services workers. A noteworthy theoretical framework is the early decision-making model by Stein and Rzepnicki (1983b). This model outlined the systematic goals of child welfare identifying safety and family preservation as key elements and pointing that included decision-making along with use of important domains of information, which included the family, agency, and court systems (Baumann et al., 2011).

### **Organization of the Remainder of the Study**

The remainder of this study has four additional chapters. Chapter 2 presents a review of relevant empirical literature that supports the theoretical supports of this study and identifies contributions to the field of organizational management. Chapter's 3 presents a review of the methodology used in the study. Chapter 4 will present and analyze the data in the study. Chapter 5 presents an overview of the study and discusses the results, the implications of the study, and makes recommendations for future research.



## **CHAPTER 2 LITERATURE REVIEW**

### **Introduction**

Literature pertaining to child welfare has generally focused into two areas. One area has examined the social-historical evolution of child welfare policy, delivery, and decision-making, while the second area has dedicated significant scholarly study to the shift toward privatization and the utilization of social enterprises. The increased governmental focus on cost saving measures has not encouraged an increase in research utilizing the cost-benefit analysis model literature has instead focused heavily upon the dissection of the contractual relationship between government and non-profits. This shift in child welfare is a phenomenon as recent as of the last two decades.

### **Early American Child Welfare Policy/Historical Perspective**

An overview of laws dating back to the Colonial era indicates that the government was empowered to arrange the living conditions for many children due to deterioration in economic circumstances. The Elizabethan Poor Laws of 1601 (Thomas, 1972), authorized the government to place children in poor houses and involuntary apprenticeships in pursuit of the social good. This era supported a placement first approach. This approach entailed that children in abusive homes were removed from their parents and placed in a safer environment. Literature indicates that a large-scale societal pendulum shift preceded an ideological shift within government from family separation to family preservation (Tanenhaus, 2001).

This twentieth-century shift would begin the focus toward diversionary programs, which would effectively evolve the entire framework between government and social enterprises on a scale not previously observed. This refers to a dramatic shift from

removal to preservation. In order to make such a shift effective decision-making in child protection became the precursor for several social and financial outcomes. In the literature, such outcomes categorize studies that compare and contrast different groups of individuals and how their decisions receive support.

### **Theoretical Perspective**

Literature by members of the psychology community views Hammond's 1955 article, "Probabilistic Functioning and the Clinical Method," as the beginning of the approach to decision-making. This approach focuses on aligning human judgment with empirical accuracy. Typically, theorists have evaluated decision making by comparing human judgment to objective facts (Hammond, 1996). In the context of decision-making, the logical application of this approach would be to examine whether service choices corresponded to the best possible option to meet the needs of the child receiving services. Edwards (1954) view on decision-making analyzed how people make choices among desirable alternatives. These views found influence in the disciplines of psychology, economics, and mathematics.

In child welfare, the theoretical framework of decision-making establishes the power of making dynamic decisions. In this framework, information is developed and revealed in a sequential manner over time and allows for the development of decisions over a series of events (Bertsimas & Thiele, 2006). This process cultivates decision making by allowing time through circumstance, experience and a perceived values to develop ongoing knowledge throughout the child welfare system based on the level of difficulty and intensity associated with the task.

Stein and Rzepnick (1983a) explained that in the literature researchers have attempted to discern the process associated when making a safety assessment and theorized that if key decisions were identified then a process that encompasses the framework could guide the worker in making critical choices. However, Lindsey (1994) also reviewed the literature and concluded that the field does not possess enough empirical knowledge that could establish a framework to determine which child should be afforded one service over another. Therefore, family dynamics and immense of abuse are variables that cannot be controlled and are in large part foundational decisions that are used in the determination process.

### **Decision-making in Child Welfare**

Baumann et al. (2011) found that decision-making is a framework for organizing decisions made in Child Welfare and places it in the context of actual protective service operations. Their research found that decisions take place within an agency culture where a systemic context combines with the case decisions made by the management and staff of the agency. This model supports thinking based on child protection screening research (Wells, Fluke, & Brown, 1995) and successfully applies to the problem of disproportionality (Baumann, et.al., 2010; Fluke, Chabot, Fallon, MacLaurin & Blackstock, 2010; Rivaux, et al. 2008), which impacts the decision to place children into foster care (Graham, Fluke, Baumann, Dettlaff, 2011; Fluke, et.al., 2010), and the decision to reunify children with their families.

In decision-making, the systemic context includes a set of influences that cover a range of factors in the case, external influences, organizational policy, and procedures,

and individual factors combine in various ways and provide influence to decisions and outcomes. These influences divide into dimensions, which represents their important features, so that executed decisions support the entire context (Bauman et al., 2011).

Drury-Hudson (1999) examined the decision-making between two groups of social workers with varying degrees of knowledge. One group represented new workers and the other experts in the field of child protection. The study particularly focused on what information the new would draw upon in order to base their decisions. In relation to theory, Drury-Hudson (1999) focused on the relationship between theory and practice and analyzed that new workers only drew upon theory after a decision instead of using it as a basis for making a decision therefore, describing the use of theory as unconscious, rather than a conscious act. However, during the study the experts tended to view theory as more of a tool within the trade that assisted in the background of understanding and interpretation (Drury-Hudson, 1999).

Drury-Hudson's (1999) research identified one of the major differences concerning the type of knowledge used in relationship to the research area. Generally, a new worker read very little on child protection that they could use when making a decision about removal versus diversion. A chief complaint from the workers was the ability to understand the complexities of the articles that reported detailed statistical testing and research results as opposed to straightforward information to support a decision. In contrast, experts in the field were more willing to identify and use empirical articles as a basis for decision-making.

Drury-Hudson's (1999) research identifies that the assessment of risk played a large role in the decision-making associated with service choice. In the study, the lack of

empirical knowledge gave the new group a vague awareness of research as it relates to risk assessment. However, workers with a clear definition of risk found they base their decision on the factors relating to the perceived risk to a child and therefore drawing on empirical knowledge when making a service choice in tandem with either a supervisor or independent of outside assistance.

Dworkin (1990) pointed out that tension frequently exists between professional autonomy and the environment in which practice takes place because of decision-making. The Dworkin's study indicates discrepancies between professional and organizational expectations and goals developed from community expectations and organizational procedure. Consequently, professional views, coupled with risk assessment, influence child protection decision-making as workers are bound by the organizational policies, procedures and in many cases the state statute. Without a clear understanding of procedure, Browne (1987) pointed out that procedures can zealously divert social workers from making a decision, which fully consider all information supported as a professional plan of action.

Tierney (1993) classified child protection practices as a system that operates within an organizational, political, legislative, and social context. Tierney viewed child protection as a field of public action that finds expression in legislation, the courts, non-profit social service agencies, and regulatory bodies. In their 2002 national study of child welfare reform, Westat and Chapin Hall Center for Children (2002) found that decision-making and shared decision-making in particular is difficult in child welfare. The researchers argued that child welfare is rarely has a clear definition when determining the most effective decision and that practitioners struggle over definitions of problems and

needs. In fact, there is evidence that there is considerable disagreement among experts in the field as to the correct decision in any particular case (Westat and Chapin Hall Center for Children, 2002). Furthermore, additional challenges and complications with decision-making are embedded in the judicial system. Private agency workers are not the final decision makers in major decisions for children in state custody; this authority lies with the court. The judicial process affects the financial bottom line as agencies are funded by case rates and a judge has the authority to order additional services, refuse a recommendation to return a child home, and delay termination proceedings (Westat and Chapin Hall Center for Children, 2002). This service disengagement between the financial risk that private providers assume, and the actual control they have over casework will continue to challenge privatization efforts (Westat and Chapin Hall Center for Children, 2002).

There are other issues of disengagement within the child welfare system. Interactions between public definitions of child abuse, the decision-making supported ideals, and the roles of the social worker in child welfare have many challenges. Taking these interactions into account Drury-Hudson's (1999) research, identifies that new employees seemed to have developed only a superficial understanding of the legislative and organizational context of child protection work yet they were making major decisions regarding service choice.

In areas of decision-making regarding service choice in two separate studies (RivauX, et.al, 2008; Dettlaff, RivauX, Baumann, Fluke and Rycraft, 2011) researchers were able to show that both the substantiation decisions and placement decision were affected by ethnicity, risk, and poverty in predictable ways. As with Drury-Hudson's

(1999) study, Bauman et. al (2011) also found that caseworkers having a higher skill set could improve unequal placement decisions. Caseworkers' improved skills could combat issues involving cultural awareness, organizational factors, and unequal placement decisions.

The Council of State Governments (CSG), a non-profit, multi-state research and support organization established in 1933, has studied privatization among the states. In 1997 and 2002, the CSG conducted nationwide studies of state privatization practices and reviewed current trends in the developing systems. The comprehensive 2002 survey was sent to 450 state budget and legislative entities, including agency heads in five areas which encompassed personnel, education, health and human services, corrections, and transportation. The response rate to the 2002 CSG survey was roughly (77%, or 346 responses). The response to the survey supported that privatization among states came due to personnel skill level of employees which was indicated in 36.8%, or 128 of the responses. Other primary reasons included were cost savings (21.0%, or 73 responses) and high quality of service (18.4%, or 64 responses). Finally, contracting was determined to be the most effective method or form of privatizing personnel services (57.8%, or 200 responses). Respondents noted that 7.8%, or 270 public-private partnerships were use to privatize some areas of state government. The CSG survey noted that Florida was among the states that privatized more than 10% of its personnel services (Chi, Kelley, & Perkins, 2003).

## **Subsequent Shift to Privatization**

The term privatization is not easily defined in the literature however in the general sense; privatization means the “provision of publicly funded services and activities by non-government entities” (Nightingale & Pindus, 1997). Privatization is a process of various functions and responsibilities and the most common form of contracting out services that both state and federal government seeks to obtain competition from private providers to perform government activities. In government contracting or outsourcing of services, the government remains the financier and is responsible for managing and setting policies on the type and quality of service provided (Government Accountability Office, 1997).

In the literature, Van Slyke (2007) suggested that contracting is the most frequently used form of privatization in the United States as a third party for the production of goods and provision of services. Leading scholars are involved in efforts to understand the effectiveness of market-based alternatives to government provision that focus to the extent to which markets can be developed, contracts designed, and contractors incentivized to better capitalize on the advantages associated with contracting because of competition (Cooper 2003; Goldsmith 1997; Heinrich 2000, 2002; Savas, 2005).

The initiation of privatization gave government control of child protective service delivery, which gave public agencies authority to provide services under an umbrella of federal and state statutory schemes. These relationships, though changed greatly in scope, were not new in nature. Moreover, the use of outsourcing these activities gives



government an opportunity to take advantage of the clear cost savings and relative advantage of outsourcing instead of in house production. Once a sound business analysis is complete, an operational framework for analyzing outsourcing decisions on an informed basis should occur, thus identifying exploitable opportunities by way of a systematic method.

Beginning in the late 1990s several initiatives at the federal, state, and local levels in the United States government began the privatization of child welfare services.

Among the 50 states, Florida and Kansas led the transition into what would become a partnership between federal, state organizations and entities known as non-profits. Van Slyke (2003) stated privatization pledged improved services at lower costs, but this pledge depended on available competition and government capacity. These initiatives necessitated change because of the poor performance and rising costs incurred by states for child protective services. In addition to rising cost, several programs had unacceptable losses in life. States and eventually by extension, the federal government projected that the use of non-profit organizations or social enterprise ventures would improve the quality of services by providing a outcome-based incentive model in which non-profits would seek to offer higher quality services to dollars spent in the pursuit of government contracts that would total in the millions (Snell, 2003).

Savas (2000) characterized the primary objective of privatization efforts should be, to introduce competition into the market to enhance forces in the delivery of public services. Prager and Swati (1996) articulated that a lack of competition could diminish the gains normally achieved from contracting which centered on cost effective services. Savas (1987) and Van Slykes (2003) theorized that competition was necessary to

maintain lower costs for services in child welfare. However, with the many changes in private agencies coupled with few agency choices little competition actually occurs. The study revealed that agencies identify that only “some” competition occurs with public funds and that there was more competition for local private agencies money than public money (McBeath et al., 2011).

Milward's (1996) observations of privatization offered a different view of public management. In fact, that the field has ignored the realities of social policy and the limitations that public managers encounter with contracted services to other organizations. Milward (1996) argued that the absence of definition in the variables, measurable outcomes, specific time frames, and organizational expertise were factors that differentiated social services management from delivery, which ultimately affects competition. Milward's (1996) findings showed that having a clear analysis was the most appropriate way to enter into privatization and these contextual elements could be important when considering the exploration of management practices of government agencies and non-profit organizations in a contractual relationship.

Schlesinger, Dorward, and Pulice (1986) study identified the primary advantage of a contract-based system was to promote competition among the private agencies. This concept of competition was encouraged to allow better prices and quality of services. DeHoog (1990) agreed with Schlesinger, Dorward and Pulice (1986) found that the ideal contracting environment should have competition among suppliers, buyers, and the necessary resources available to cover transactional costs throughout the fiscal year.

Van Slyke's (2007) research identified the lack of competition as a challenge in the privatization process. In fact, other researchers support the study findings and state

that the lack of competition by market and service type makes it difficult for public managers to correct the supply-side imperfections because of too few market providers and thus limits their use of contract termination and rebidding as a management strategy (DeHoog 1984, 1990; Johnston & Romzek, 1999). Non-profit organizations, struggle to improve state performance on select outcomes or achieve the efficiencies and innovations expected. This disproves the argument that privatization will produce cost savings through competition (Freundlich & Gerstenzang, 2003; Government Accountability Office, 1997). Others argue that there are hidden costs to delivering and monitoring contracts, which balloon the cost of providing services. Westat and Chapin Hall Center for Children (2002) study summarizes a history of a child welfare system, which is underfunded, with extreme caseloads, and resource depleted areas for services. In addition, a review from the General Accounting Office (1997) found that contract monitoring of performance was the weakest link in the privatization process. In several studies, it appears that much of government's privatization efforts, especially in social services; suggest a poor monitoring system, lack of oversight and little empirical research to support the continued privatization process.

### **Empirical Research**

Savas (1987) identified a shortage of empirical data evaluating the different service arrangements that exist for privatized social services agencies well before the privatization movement in 1996. However, Van Slyke (2003) pointed out that an increase in non-profit and government contractual relationships, but much of the

literature has been “conceptual, prescriptive, and case specific rather than empirical and generalizable based on primary data collection.”

Van Slyke (2003) identified several consistent findings within the literature displaying consistent empirical studies investigating government non-profit social service contractual relationship. The review found that competition was lacking coupled with administrative capacity on the part of both public and non-profit agencies and their performance measures. The research has found that poorly defined and inadequately enforced accountability mechanisms exist coupled with goal discrepancy between policies and implementation practices and procedures. In addition, Van Slyke (2003) theorized that government agencies demonstrated a non-profit dependence on public funds, which could lead to mission drift, lack of professionalism, and diminished service quality. Van Slyke (2003) pointed out there is impartiality that exists in the implications for clients because of strains in the government non-profit relationships. These strains come from poor information exchange, workflow coordination, and the inability to deliver consistent coherent messages about policies, programs, requirements, and expectations from government to its contractors and clients.

Van Slykes (2003) theorized that government agencies have struggled with monitoring government funds used by private agencies. Traditionally, privatization has lead, in some situations, to contractual savings in the areas of waste removal, some areas of transportation, towing, and data processing (Savas, 1982; Goldsmith, 1997; Donahue, 1989; Chi & Jasper 1998; Franciosi, 1998; Moore, 1998). However, the evidence is lacking or clouded in the areas of privatized social services, domestic violence, violence care, substance abuse treatment, homeless and emergency shelters, job training, and

HIV/AIDS services. Services such as Medicaid case management, food pantries (DeHoog, 1984; Schlesinger, Dorward, & Pulice, 1986) for the poor and arguably money monitoring does not occurring on a societal acceptable level that includes accountability when using government funds.

In 2005, in an effort to provide child welfare administrators with empirical based research to improve decision-making regarding the use and evaluation of public-private partnerships in child welfare the Children's Bureau funded the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) (U.S. Department for Health and Human Services, 2005; Radel & Wright, 2007). In order to gather information on decision-making the QIC PCW developed the National Survey of Private Child and Family Serving Agencies (NSPCFSA) in 2011. This survey developed in collaboration with the Child Welfare League of America and the Alliance for Children and Families; this provides the first portrait of private child and family serving agencies across the state (McBeath et al., 2011). Public child welfare agencies historically have relied upon private agencies to provide programs and services (Smith, 2002); however, very few studies that described the characteristics of the private agencies providing child welfare services or the challenges these agencies face with funding (McBeath & Meezan, 2006; Meezan & McBeath, 2011; Smith, 2009).

McBeath et al. (2011) identified the survey design as a tool that will provide a statistical portrait of the child welfare system to help gather information across the states, with the expectation it would assist the private child welfare sector by improving their abilities to negotiate with policymakers and funders. This effort was to improve conditions for private agencies, enhance services, and address outcomes for children and

families. McBeath et al. (2011) narrowed its scope in the study to focus on current funding composition, service arrays, relationships with public and private organizations and public authorities, and organizational maintenance strategies.

Unlike Van Slyke (2003), McBeath et al. (2011) wrote the intent of the study was to yield essential information for researchers, advocates, policy makers interested in the organization, financing, management, frontline workers to enhance service provision, and promote better outcomes for children and families involved in the child welfare system. McBeath et al. (2011) study showed how agencies were using varied methods to promote awareness and understanding of agency performance measures to increase the importance of monitoring and improving agency performance. Whereas Van Slyke (2003) simply identified a poor monitoring system in need of repair.

The increased governmental focus on cost saving measures has also provided incite on the exact cost of child abuse. The ability to price child abuse has its challenges. The cost associated with identifying and quantifying service needs using a cost-benefit analysis model coupled with the use of managed care has provided the government with a foundation to fund the state's child welfare agencies.

### **Spending Trends**

Literature on financial spending within a child welfare non-profit organization exists on a small scale. The Casey Foundation's 2008 review on state spending noted that only six reviews had occurred that gathered and disseminated information on the use of cost service programming in child welfare. Courtney (1998) pointed out that the federal government allowed the states great autonomy in administering child welfare

programs. Across the United States, there is a wide variation from one state to another as well as within the states themselves on the financing of child welfare services. For instance, in 1995 Courtney (1998) wrote that New York spent \$111.94 per capita for child welfare services, while Georgia spent only \$11.81 per capita. These figures show a large disparity on the monies spent on services from state to state but do not identify if the cost of living or other provided services influence such a large difference in cost.

A decade later, researchers DeVooght, Allen, and Green (2008) distinguished that the states spent at least \$25.7 billion on child welfare activities in 2006. This study represents a 9%, or \$1.9 billion increase since 2004 and a 55% increase or \$8 billion since 1996, based on an analysis of 48 and 46 states, respectively. DeVooght, Allen, and Green's (2008) review provided states with the opportunity to make corrections to previously submitted data if changes were needed. The changed data significantly different to the original amounts published in 1996, which were \$14.4 billion, \$15.6 billion for 1998, \$20 billion for 2000, \$22.2 billion for 2002, and \$23.3 billion for 2004 (DeVooght et al., 2008), therefore their figures showed a steady increase on spending. In Snell's (2000) review of study expenditures for cost service programming funds used by the states appeared deflated in comparison to the adjusted amounts. DeVooght et al. (2008) review of federal assistance to the states showed that in 2006, federal funds accounted for 48% of total spending, state funds for 41%, and local funds for 11%, based on an analysis of 49 states, which shows an even further decrease in the monies provided at the federal level between 2002 and 2004. These decreases affect the state's ability to provide sound services to vulnerable children as well as support, education and maintain a valuable staff.

McBeath et al. (2011) pointed out that the average agency budget was \$20.6M with the median being \$7.5M. A quarter of agencies had budgets up to \$2.4M; another 25% of agencies had budgets between \$2.4M and \$7.5M. Turning to the upper two quartiles, 25% of agencies had budgets ranging from \$7.5M to \$17M; and the largest 25% of agencies' budgets ranged from \$17M to \$140M. Compared to the figures in the literature from DeVooght et al. (2008) as previously noted there is a steady incline in spending by agency.

McBeath et al. (2011) noted the monies that supported these enormous budgets that were supplied in large by government contracts and in some cases represent up to 95% of the budget. The study revealed that 69% of the agencies revenue were from government supported contracts to serve children and families. This representation identified that more than half the agency's income was dependent on the government for support and only a small percentage on other sources such as government contracts for other services (8%), private fee-for-service income (6%), donations (6%), and foundation grants (5%) made up the total.

McBeath et al. (2011) study found that more than 70% of the agencies dedicated less than 25% of their overall budget to each of the following programmatic areas: child abuse prevention services; family reunification services; foster care placement; residential treatment or congregate care; adoption services; independent living services; and counseling. However, with the exceptions of foster care placement and residential treatment/congregate care agencies found they were spending far more money to finance out of home care than any other service. Snell (2000) found that due to the rapid influx



of children in the system, residential/group home care increased until other traditional foster parents were recruited.

McBeath et al. (2011) found foster care placements in both traditional, residential/group home type placements reportedly had high levels of expenditures in both areas, particularly for residential or group home programming. Out of 241 agencies reporting, 130, or 55% reported that residential treatment/group home type placements accounted for more than half of their agency's expenditures. Therefore, organizations that spend large amounts of money in an area with the guaranteed high cost of providing foster care placements versus diversion services can arguably cause an organization to have sustainability issues and the overall lack of funds can affect child safety.

According to the 2009 Children's Bureau that reports on the Adoption and Foster care Reporting Analysis System (AFCARS) data released in August 2010 showed the United States U.S. Department of Health and Human Services that tracks the number of children in foster care dropped to 423,773 in 2009. This drop represented an 8% drop from the 463,000 children who were in foster care in 2008, and more than a 20% in 1999. Despite the decrease in the number of children coming into foster care the increase in expenditures arguably related more to the type of placement a child received in foster care and not if the child is in foster care are proving to be the primary causes for the increases in expenditure. Courtney (1998) concludes the foster care payment and adoption assistance programs provided the only uncapped funding for child welfare services, in which reimbursements to states rose and fell with demand.

DeVooght et al. (2008) calculate that the states report the overall cost per child has increased due to many factors. As Giordano, Montoya, Richardson, and Leventhal

(1999) and Irazuzta, Mc Junkin, Danadian, Zhang, and Zhang (1997) argued, children receiving services have complex medical, mental, and physical needs. The study showed that despite the severity of needs, as a result states are providing more comprehensive and expensive services to the children at the onset. In the literature, several researchers believe that medical costs are another burden to the child welfare system. DeVooght et al. (2008) theorized that more upfront service evaluation is more of an investment in prevention. These additional indirect costs associate themselves into the budget in the form of a cost not typically found in the budget but possibly managed by managed care. The need for a managed care system allows child welfare agencies to shift some of the dependency from government only funding to managed care to offset some of the cost.

McCullough and Schmitt (2003) argued that the reliance on the managed care model, focus on the health needs of a single client, and not the safety, permanence and well-being for the entire family. In addition to clinical needs, poverty related issues; poor community and family support are well beyond the managed care model and traditional funding streams and require community wide collaboration. However, McCullough and Schmitt (2003) found that there was a concern that managed care models that the focus on limiting costs would not address the total needs of the family and system. Conrad (2006) sought a more mathematical approach to the determination of cost and services in child welfare. This approach quantified a viewpoint not previously noted in the literature.

### **Mathematical Costs of Child Abuse**

Conrad (2006) developed mathematical equations to allow theory to provide a best estimate of how to fund child welfare services. Conrad (2006) found that an

empirical, conceptual model was essential to determine valid estimates of all costs of child abuse and neglect. The formula provided a representation of the direct and indirect costs and the probabilities of incurring such cost for each case of child abuse or neglect. Conrad's (2006) argument quantified actual child abuse cost in a model that grasped the totality of intervention coupled with both direct and indirect cost. The formula  $C = \Sigma(PD + PI + PO)$  represented the sum total cost of child abuse (C); by adding probability (P); of direct cost (D); for intervention into a child maltreatment plus the probability of indirect cost (I); resulting from the effects of child abuse plus the opportunity cost (O) associated with the lost of potentials (Conrad, 2006). This formula gave a more succinct view of what area the money would be spent in relation to cost, thus offering guidance in sustainability.

Giardino et al. (1999) and Irazuzta et al. (1997) both found in their separate studies that mistreated children required both social services and medical intervention because of child abuse. This intervention equated to 20% of the children that came into the organizations view. Myles (2002) pointed out that approximately 30% of all victims of child abuse had chronic health problems that were associated with abuse. The Center for Disease Control estimated approximately 14% of children under the age of 17 have had an asthma diagnosis, with an average annual treatment cost of \$6,410 (1999 value) which made it a very common and costly, chronic childhood health problem (Center for Disease Control, 2005). These figures equated to additional cost absorbed by the non-profit agencies, as their existence was not an upfront associated cost to delivering services and represented an additional strain on the organization.

According to Daro (1988), at least 18% of all confirmed cases of child abuse result in the child spending some amount of time in foster care and at a cost. The National Incidence of Prevalence of Child Abuse (NIPCA) study estimated that the amount of time in foster care averaged nine months. In Florida, costs for such foster care stays are reportedly in the thousands per year per child. According to the NIPCA Study, national averages show that approximately 5% of severely abused children require inpatient mental health services for roughly thirty days. Daro (1988) argued that the immediate costs associated with remediation from the effects of child abuse and neglect, the fiscal impact of maltreatment continues throughout the child's lifetime, and that the increase cost was observed through higher crime rates, drug and alcohol abuse, and the potential of emotional and physical disabilities that generated both direct and indirect costs. These findings represent a continued societal strain on the lack of individual responsibility for vulnerable children that affects all of society.

The study by McBeath et al. (2011) addressed direct and indirect cost associated with service provision, which was in contrast to Conrad (2006) who actually quantified the amount of cost per care per child. In McBeath et al. (2011) study, focus was more on what agencies provided as other related social services needed and utilized by child welfare-involved families. These services included child/respite care; parenting classes or support; domestic violence services; juvenile justice services; services for transition-age youth; employment assistance; housing assistance; income assistance; transportation assistance; and other wraparound or systems of care services. Therefore, if additional diversionary services were available there arguably would be less of an influx of children coming into foster care. Within the decision-making framework, it would appear that if a

worker drew on more empirical knowledge the utilization of more cost effective services would be appropriate instead of a more traumatizing removal from the home, which risk institutionalization due to the lack of foster homes.

Purchase-of-service (POS) or fee-for-service contracting were the dominant forms of contracting for child welfare services. Under this model, private agencies and the government contractor agreed on a rate for the delivery of a given service. Researchers argued the payment approach did not encourage providers to control costs or build a more suitable array of services as an alternative to placement or quickly return children home (Government Accountability Office., 2000; McCullough, 2003; Kahn & Kamerman, 1999). Quality Improvement Center on Privatization (2006) found that contracts in child welfare services create perverse incentives that encouraged providers to deliver certain services, which were reimbursable at the billed rate or reimbursable at a higher level than other services. For example, foster care placements versus in-home or reunification services are vastly different in their costs. A provider of services clearly has the decision-making ability to state a client may need 26 services visits versus 10 service visits at a higher rate when justified by their professional credentials however the provider receives the incentive of receive guaranteed payment. Unfortunately, this affects the amount of services that can be provided throughout the system of care when a provider routinely provides more services than necessary.

### **Organizational Sustainability in Child Welfare**

As early as the 1990's, organizations began strategic planning due to privatization as the provision of child welfare shifted from federal and state governments to non-profit

organizations. Tracy and Phillips (2007) and Zietlow (2001) both found that as nonprofit organizations engaged in social enterprises, the intersection of the social service mission of the nonprofit organization and the business mission of the social enterprise might raise questions about understanding its uniqueness. Mozier and Tracey (2010) found social enterprises had both social and commercial objectives that include managing a double bottom line, which demanded a careful balance between resource utilization and engagement with the community in order to build and maintain organizational legitimacy. As a result, the failure to strike an appropriate balance between the two competing objectives threatens organizational sustainability. Arguably, the manner and severity in which the organizational strain manifests would vary among organizations and influences. For an organization to sustain there are several definitions in which to draw upon for clarification.

Moxley (2004) explains that strategic planning is a means to maintain organizational sustainability in human services noting that the objective is to align organizational behavior with organizational desires. Moxley (2004) points out that the strategic planning model in non-profit organizations tended to be vision based, where future direction was defined, envisioned, and changes are implemented. Austin, Stevenson, and Wei-Skillern (2006) argued sustainability should be an overriding objective for any kind of organization; but for social enterprise, it took on particular importance because of the uncertain and complex nature of their operating environment. In their views, Austin et al. (2006) described that “corporate sustainability” might have been considered as a “company’s ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental and social opportunities

into its business strategies” (Symposium on Sustainability, 2001). Haugh and Talwar (2010) described organizational sustainability as a broad and evolving construct that defied an all encompassed definition. Haugh and Talwar (2010) in contrast to Moxley’s (2004) view of sustainability had more to do with organizational behavior and desires rather than a broad nonspecific construct. In addition, the research performed by Austin et al. (2006) was supportive of incorporating the economic, environmental, and social opportunities for business strategies to gain sustainability rather than behavior or broad concepts. Moreover, within research there is emerging consensus that there are three pillars of sustainability, economic, social, and environmental (Elkington, 1998; Schmidheiny, 1992; Rondinelli & Berry, 2000; Bansal, 2005).

Economic sustainability is supportive of corporate financial success. Snell’s (2000) review of Florida and Kansas’ privatization efforts identified four key lessons learned in establishing financial sustainability when contracting with the government. First, develop reliable baseline data to use to establish pricing for services. Second, work out realistic estimates of start-up cost and timelines for achieving performance outcomes. Third, develop contingency plans for unanticipated surges in the population that inflate cost. Finally, establish a mechanism for collaboration between juvenile courts and workers. Snell’s views describes a criteria for an organizations to cost share with the government rather than assuming all indirect cost associated with providing child welfare services. Arguably, organizations that aim to incorporate economic sustainability into their facilities, processes, and products are likely to face significant challenges that might include an organizational redesign (Siebenhuner & Arnold, 2007). Waddock and McIntosh (2009) found that this redesign was a radical change in the orientation of the

focus, shift in managerial mindset, purpose, and impact for the organization. In the study by Haugh and Talwar (2010), the research found that corporate change to implement sustainable management solutions implicitly assumed that managers and employees were aware of and implemented new or current policies and procedures. However, literature notes that many front line workers within an organization maybe unaware of sustainability issues beyond their immediate purview.

Hugh and Talwar (2010) found that social sustainability represents the human factor in a business context and relates to issues of poverty and income inequality to include disease, especially HIV/AIDS and malaria; access to health care, clean water, and sanitation; education, especially for females; and broader problems associated with the impact of globalization on economic development. The recent attention towards social sustainability resulted from trends such as globalization and privatization, which required businesses to assume wider responsibilities towards various stakeholder groups and the social environment in which they operate (Carroll, 1999; Dunphy et al., 2003; Freeman, 1984). A significant amount of literature has been published on business-related social issues, including occupational health and safety, discrimination, business ethics, fraud, corporate philanthropy, minority concerns, community welfare and stakeholder demands (Carroll, 1979; Preston, 1985; Shrivastava, 1995). More recently, new concepts such as ‘corporate social sustainability’ (Dyllick & Hockerts, 2002) and ‘socially sustainable businesses’ (Gladwin et al., 1995) have emerged.

The literature shows that the human factor plays a large role in the implementation of services in type and cost. Depending on the service needed an organization could in theory struggle with sustaining when tasked with providing a



service that is not covered by a purchase of service agreement. For non-profits, Kaplan (2001) focused on the financial outlook and recommends agencies spend within their budgets; however, budget variances did not provide an indication of organizational performance but was important for assessing said performance. As such, financial processes often focused on increased funding levels, sustainability, efficiency, and cash flow. Social return on the community could be the prime concern for social enterprises, and must accentuate financial measures as a means for sustainability, and move away from grant dependency. Instead, making it grant supported but provide additional financial streams independent of government contracts.

Hugh and Talwar (2010) found organizational performance was traditionally measures in terms of financial metrics, and only recently adopted social and environmental impact assessment tools. Due to societal demands for more accountability, Lehman (1999) found that social and environmental accounting tools, and environmental impact measures were are part of a gradual movement toward designing standardized methods to calculate social and environmental impact in relation to sustainability.

### **Summary of the Literature**

The key components of decision-making, privatization, child abuse costs, and social enterprises were examined. From the early American child welfare policies child protection has faced making a service choice to protect the safety and wellbeing of children. In the literature, researchers such as Drury-Hudson (1999) and Dworkin (1990) both pointed out that professional knowledge coupled with poor system edification

played a significant role in the determination of service choice. Tierney (1993) pointed out that on a larger scale child welfare is a field of public action that is expressed throughout other parts of societies systems.

The literature review found that few empirical articles illustrated privatization and cost associated with child welfare spending. Savas (1987) identified that the shortage of recent empirical data, left gaps in the literature. Van Slyke (2003) noted literature only provided brief comparisons of service performance in privatized organizations in child welfare and did not elaborate on how the use of funds impact the child welfare system. Nearly, sixteen years later Van Slyke (2003) identified that research on the level of interdependence between government and non-profits increased by eluding the impact of how the money is actually spent within the child welfare system thus providing a partial reflection of financial spending and information-supporting costs of services in government reports or a few supported studies.

Researchers such as Giardino et al. (1999) and Irazuzta et al. (1997) agreed with the NIPCA study that estimated costs in foster care. The NIPCA study provided national averages for time in care and types of services used. The literature notated a repeated shift in that the pendulum of responsibility and function for services within the child welfare sector, which changed from government control to nonprofit control. The shift in service control provided a gateway to restructuring non-profit organizations and identifying how they sustain through various shifts.

The nonprofit sector viewed sustainability based on the organizations economic success. Moxley (2004) viewed believed organizations were vision based and direction was defined by the opportunity to implement change. The difference between Solow

(1999) view and Moxley (2004) provided definitions on both ends of sustainability seeking a moral balance and control over organizational behaviors and desires. Despite the research, that link privatization and organizational sustainability research on spending of child welfare funds within the literature remain few. Aside from the few articles listed in this review child welfare spending has little empirical data to support the changes and growth within the industry.

## CHAPTER 3 METHODOLOGY

The purpose of this study was to contribute additional research to the field of management by providing a study that would identify the impact that service choice has on the CBC's ability to survive. The identification of detailed cost and benefits through analysis might answer critical questions that shift the CBC's initiative to functioning project,

which shows a monetary or social return or both on the investment, the people. In this study, the research would establish if a statistical significance exists between two groups and identified factors. Group A includes the participants who receive fee based foster care placements, and participants in Group B are those individuals who receive diversion services or fee paid services. In addition, the research study investigates the organization's overall ability to survive.

McBeath et al. (2011) suggested that there was a need for research, which focused on identifying the implications of the organizational processes that affected client outcomes. The literature suggested additional research to investigate possible associations between major agency attributes such as, budget composition, contractual arrangements, service array, inter-organizational collaboration and competition, and performance management strategies, frontline service delivery and child and family outcomes. Consequently, recent studies have uncovered relationships between agency inter-organizational relationships and frontline service provision of child welfare (Chuang & Wells, 2010; Wells, Chuang, Haynes, Lee, & Bai, 2011).

This chapter describes the research design, sample, and data collection processes. In addition, the process for analyzing, interpreting, and protecting the data was discussed.

Lastly, this chapter discussed methods that were utilized to ensure that ethical considerations were made to protect all human participants whose records were used.

### **Research Design**

The study design was quantitative and used a causal comparative approach and investigated the costs and benefits of child welfare as illustrated by confirmatory program evaluation. The use of a causal comparative approach demonstrates causality from the data presented within a narrow scope. This narrowing of the scope limits its ability to suggest causality in either experimental or natural settings. Often different interpretations are possible when this method is employed (Borg & Gall, 1989; Wood, 1974).

Group A are children who receive placement and Group B are those that receive fee-based services to remain in their home. In this study, variable manipulation is not possible as the data is ex post facto and manipulation of the independent variable cannot occur. However, a causal comparative study investigates and test group differences or relationships among variables as they occur or as they have occurred. Instead, causal comparative studies compare differences between derived or intact groups on theory-driven dependent measures (Rumrill, 2004). This approach assists in determining which group is utilizing more cost service programming funds over another. The use of the causal loop diagram will provide an understanding of the causality associated with choosing one service over another.

The techniques used to assess the program's effectiveness was challenged to determine if causal inference will test the hypothesis for causality between the types of services used and identified client factors. The methodology that supports this

investigation was regression analysis, which is a statistical tool for the investigation of relationships between variables (Van Slykes, 2003). The use of a linear regression technique may predict a causal-comparative relationship that exists between placement and diversion services using retrospective cohort data. The study used service type to determine if a relationship existed.

In addition, this study used a causal-loop diagram to identify how relationships and variables influenced service choice. Greenland, Pearl, and Robins (1999) theorized that causal diagrams provided a starting point for identifying variables that are measured, controlled, and free from confusion to obtain the effect estimates. The research provides a method for critical evaluation of traditional epidemiologic criteria for confounding. Summarizations of causal links via graphs or diagrams have history in the literature as an informal aid to causal analysis and present an integral component of path analysis and structural equations modeling (Greenland, Pearl, & Robins, 1999).

### **Sample**

The population sample that was used in this study was children referred to the CBC during the fiscal year 2006 – 2010. The participants are children located in the service catchment area and have received either placement, which are licensed foster care services or diversion services, which are fee-based services. The sample population consisted of participants referred to the CBC for services during the identified years. The sample was derived from the service referrals from the Department of Children and Families to the non-profit organization. The sample included participants referred for intervention who need either diversion services or placement due to allegations of abuse

and neglect. The participants included children under the age of 18 of any race or gender within the tri-county service catchments area for the CBC. Although, the participants are children the information was ex-post facto data in which the situation that caused the intervention to occur is in the past.

The identity of the children was coded for confidentiality purposes and was not included in the study. Once collected the data was sorted using a stratified sampling method. This method is a statistical sampling method, which uses representatives from each subgroup within the population for representation in the sample. The first step in stratified sampling is to divide the population into subgroups (strata) based on mutually exclusive criteria then a random or systematic sample from each subgroup was taken (Westfall, 2008). The two sample groups were divided by service provision, as group A was from placement or fee-based services provided to children who are in licensed foster care and group B were children who received fee-based services to maintain the family unit within the home. A randomization of the separate databases will sort the sample frame by referral date and once sorted the researcher choose every fifth participant to create the sample frame up to 20% of the original population. This gave each participant an equal opportunity to participate in the study (Easton & McColl, 1997).

The purpose of the research was to determine the causal impact of the factors that associate with the population and how the organization the allocated funds. The sample population consisted of 879 participants, or 20% of the population, confidence level of .95% , response distribution of 50% and a margin of error of 5% referred to the CBC for services during 2006 – 2010 fiscal years. The sample included participants referred for intervention for placement or diversion services due to allegations of abuse and neglect.

The participants include children under the age of 18 of any race or gender within the tri-county service catchment area for the CBC.

Data for this study were obtained from the FSFN database that catalogs information gathered by case managers, supervisors and providers that have met the families. The analysis constructed a longitudinal data set to cover 2006- 2010 fiscal years. The population included participants that were referred to the organization during the 2006 – 2010 fiscal years. The study did not require recruitment as the participation in the service had already occurred and the data was previously collected and maintained by the organization.

### **Instrumentation / Measures**

The *independent variables* in the study are race, age, and maltreatment types. The *dependent variables* are placement or diversion services. This study used comprehensive reports regarding licensed placement and fees from the Florida Safe Family Network and financial reports outlining diversion funds spent on various fee-based services from the CBC. The Florida Safe Family Network is a database designed to capture various forms of information used to support the organization in maintaining the client base. This database provided all licensed foster care fee based services for children in foster care during the identified years. In addition, to data captured in FSFN, financial reports supported by the organization are used to document costs paid for diversion type services.

The information was placed in a spreadsheet and the names of the participants are coded to prevent identifying participants prior to use in the analysis. The information generated for the hypotheses was appropriate as it captured the necessary fee payments that identify the cost service programming spent along with identified factors of race,



age, maltreatment types, and length of service. The identity of the children was coded for confidentiality purposes and was not included in the study. Once collected the data was sorted using a stratified sampling method. This method is a statistical sampling method, which uses representatives from each subgroup within the population for representation in the sample. The first step in stratified sampling is to divide the population into subgroups (strata) based on mutually exclusive criteria then a random or systematic sample from each subgroup (Westfall, 2008) was taken. The two sample groups were divided by service provision, as group A included placement or fee-based services provided to children that were in licensed foster care and group B included children that received fee-based services to maintain the family unit within the home. A randomization of the separate databases will sort the sample frame by referral date and once sorted the researcher chose every fifth participant to create the sample frame up to 20% of the original population. This would give each participant an equal opportunity to participate in the study (Easton & McColl, 1997).

The data was analyzed using PASW (formerly known as SPSS) an IBM software. “PASW is a computer program used for survey authoring and deployment (IBM SPSS Data Collection), data mining (IBM SPSS Modeler), text analytics, statistical analysis, and collaboration and deployment, which includes batch and automated scoring services.” The program applies predictive analytics solutions to data one has already, so that the organization can uncover unexpected patterns, associations, and develop models to guide front-line interactions.

## **Data Collection**

The IRB provided the permission needed to conduct the study on historical information regarding children. Additionally, permission to access and analyze placement and diversion data, was requested and approved from the Vice President of Operations of the Community based care organization. This permission was obtained in writing from the vice president of the CBC pursuant to Florida State Statute Chapter 119, (119.01) which states the general state policy on public records and states it is the “policy of this state that all state, county, and municipal records are open for personal inspection and copying by any person. Providing access to public records is a duty of each agency.”

The data were collected using a stratified sampling method. This method is a statistical sampling technique, which uses representatives from each subgroup within the population for representation in the sample. The first step in stratified sampling is to divide the population into subgroups (strata) based on mutually exclusive criteria. Random or systematic samples were taken from each subgroup (Westfall, 2008). For purposes of this study, a simple random sample was used to select a group of subjects, which came from a larger group and each individual is chosen entirely by chance. Therefore, each member of the population had an equal chance of being included in the sample to complete the study (Easton & McColl, 1997). Gall, Gall, and Borg (2003) proposed that defining an accessible target population and drawing a representative sample provided a clear description of the study population and of the population to which the results were generalized.

Data for this study were obtained from the FSN database that catalogs information assembled by case managers, supervisors and providers that meet the

families. The analysis constructed a longitude data set to cover 2008-2009 and 2009-2010 fiscal years. The population included participants who were referred to the organization during the 2008 – 2009 and 2009 – 2010 fiscal years. This study did not require recruitment as the participation in the service has already occurred and the data was previously collected and maintained by the organization.

### **Data Analysis**

The data analysis in this section began with developing a spreadsheet for examining all data related to the research participants. This data included (a) age; (b) race (B, W, H, O); (c) length of time (in months) of current services; (d) maltreatment type (physical, sexual, neglect, abandonment); (e) number of children in the family unit (1-3, 4-6, 7 or more) was arranged based on the sample group.

This study used regression analysis in conjunction with *t*- tests to answer the following research questions and test the subsequent hypotheses. Additionally, this study used a .05 alpha level to investigate the statistical significance. Gall, Gall, and Borg (1999) theorized that the *t*-test distinguishes whether the differences between the mean scores of the two groups ensued by chance or if the differences observed represent a considerable difference for the groups studied. The second portion of the analysis reviewed the results and provided a causal loop diagram to display the impact of the variables on the type of service chosen. The analysis used descriptive statistics to display the findings.

This causal comparative study investigated the costs and benefits of child welfare as illustrated by confirmatory program evaluation. This study used theory in combination

with quantitative analytical techniques, to assess the effects of the type of intervention and program utilization, which may cause causal inference. This research design, although experimental could not manipulate the independent variables because the circumstances, which lead to the individual's involvement with the CBC, had previously occurred. Therefore, the data studied was historical. Miller and Salkin (2002) theorized that causal research explains the reasoning behind what occurs. In fact, this provides an impending view between the variables within a causal comparative research design.

R1: What is the statistical significance associated with the causal inference between the cost of intervention and program utilization. Causal inference in epidemiology is an exercise in measurement of an effect rather than as a criterion-guided process (Rothman, Greenland & Stat, 2005).

R2: What is the statistical significance associated with client demographic factors of age, race, maltreatment type, and length of time of service among children receiving placement or diversion services provided by the CBC? Kirk and Griffith (2004) suggest that high-risk minority children receiving traditional services are at higher risk of placement than white children are but minority children receiving intensive family preservation services or diversionary services are less likely to be placed in foster care than white children are.

R3: What is the statistical difference between the uses of placement as an intervention versus diversion services?

This study adequately investigated this issue and the following three hypotheses guided this study:

H<sub>0</sub>: There is no statistical significance associated with the causal inference between the cost of intervention and program utilization.

H<sub>1</sub>: There is a positive correlation between organizational sustainability and utilization of diversion services.

H<sub>2</sub>: There is a statistical significance associated with the type of services received based on the client demographic variables age, race, maltreatment type, and length of time of service.

H<sub>3</sub>: There is a statistical difference between the uses of placement versus diversion services.

## **Validity and Reliability**

The threats to the validity and reliability of the study are few. Horvitz and Thompson (1952) theorized that the selection of research subjects relates to the degree in which the research intends to be internally or externally generalizable. The outcomes of this study are expected to be internally generalizable for all participants receiving services and not externally generalizable throughout the state as service availability may play a large role in the decision-making process. In research, this relates to internal validity and the findings or results of the research have causality by the phenomena under investigation and not other influences. In essence, Horvitz and Thompson's theory has its associated roots in correlation and causality that is internally generalizable to the selection of participants.

The strengths and weaknesses of the research design are that the two methods, which have seemingly incompatible epistemological premises, provided triangulation and enhance the validity and rigor of the study (Tashakkori & Teddlie, 2003). Furthermore, the threat for random error or external validity is minimal because the researcher utilized a random sample of participants referred to the CBC during the identified periods.

## **Ethical Considerations**

Ethical considerations should always be discussed when completing a study about people (Creswell, 2009) especially children. This study utilized a causal-comparative analysis to collect quantitative type data regarding pertinent factors such as demographics and maltreatment types, service types and location. The purpose of this study was to contribute additional research to the field of management by providing a study that would

identify the impact that service choice had on the CBC's ability to survive. The use of ex post facto data mitigates a significant portion of the ethical issues related to the research as no harm was imposed on study participants. The information was obtained from the Florida Safe Family Network System (FSFN) and budgetary reports maintained by the CBC. Since the data was historical, there was no possibility of modifying the data to benefit the results of the research. All information received was coded with a person id generated by the FSFN network system and all names were deleted from all analysis files and other related research documents to eliminate any possibility of identification occurring.

## **CHAPTER 4 RESULTS**

### **Introduction**

The purpose of this quantitative study was to examine the impact of service choice on organizational sustainability for the community based care organization (CBC). In this study, the research investigated the statistical significance between two groups. Group A included the participants who received placement or fee-based foster care placements and participants in Group B were those individuals who received diversion services or fee-paid services. In addition, the research study investigated the organization's overall ability to survive. Chapter 4 presents the detailed analysis of the data gathered from the community based care organization and Department of Children and Families. The analysis included the collection, coding, identification of missing values, outliers, and descriptive statistics of data acquired to investigate how service choice affected the organization's financial health.

### **Data Collection**

Capella University Institutional Review Board (IRB) along with permission from the community based care organization Vice President pursuant to Florida State Statute Chapter 119, (119.01), which stated, "policy of this state that all state, county, and municipal records are open for personal inspection and copying by any person" the research was conducted. The data retrieved from the CBC came in eight data sets. Four data sets represented children receiving placement from 2006 – 2010 fiscal years. The next four data sets represent children receiving diversion services from 2006 - 2010 fiscal years. The original collection of the data occurred during the 2006 – 2010 fiscal years

and informed consent was waived due to the utilization of archived records. The data was then analyzed with PASW (SPSS) 19.0 software.

### **Data Preparation**

The data set included children who received either placement or diversion services from the Community based care organization during 2006 - 2010. The data were placed in an excel spreadsheet for analysis in PASW (SPSS) 19.0. The variables were coded appropriately for characteristics and service type. For example, race, was a predictor variable in regression analysis. It has at least two categories, white and black. Using the recoding feature in PASW (SPSS) 19.0, an additional variable was created to distinguish children who were white from children who were black. For example, American Indian was coded “1” and Asian was coded “2.” This additional variable is called a derivative variable.

#### *Variable Coding Chart*

Table 1 *Race Recoding Chart*

<i>Old Variable Value</i>	<i>New Variable Value</i>
American Indian	1 American Indian
Asian	2 Asian
Biracial	3 Biracial
Black	4 Black
Hispanic	5 Hispanic
Unable to determine race	6 Unable to determine race
White	7 White



Table 2 *Maltreatments Recoding Chart*

<i>Old Variable Value</i>	<i>New Variable Value</i>
Child on Child	1 Child on Child
Domestic Violence	2 Domestic Violence
Egregious - Removal	3 Egregious - Removal
Environmental Hazards	4 Environmental Hazards
Excessive Discipline	5 Excessive Discipline
Failure to Protect	6 Failure to Protect
Family Violence Threatens Child	7 Family Violence Threatens Child
Inadequate Supervision	8 Inadequate Supervision
Medical Neglect	9 Medical Neglect
Mental Health	10 Mental Health
Mental Injury	11 Mental Injury
Not Recorded	12 Not Recorded
Other-Child Endangerment	13 Other-Child Endangerment
Other-Medical Needs	14 Other-Medical Needs
Parent Needs Assistance	15 Parent Needs Assistance
Parental Deficit	16 Parental Deficit
Parental Neglect	17 Parental Neglect
Physical Abuse	18 Physical Abuse
Physical Health	19 Physical Health
Physical Injury	20 Physical Injury
Sexual Abuse	21 Sexual Abuse

Table 2 *Maltreatments Recoding Chart (continued)*

<i>Old Variable Value</i>	<i>New Variable Value</i>
Substance Abuse	22 Substance Abuse
Threatened Harm	23 Threatened Harm
Ungovernable Youth	24 Ungovernable Youth

Table 3 *Service Type Recoding Chart*

<i>Old Variable Value</i>	<i>New Variable Value</i>
Diversion	1 Diversion
Placement	2 Placement

Table 4 *Placement Type Recoding Chart*

<i>Old Variable Value</i>	<i>New Variable Value</i>
Foster Home	1 Foster Home
Living with Parent	2 Living with Parent
Residential	3 Residential

### **Description and Sample**

Several options existed for determining the sample size. The research included the use of stratified sampling to acquire the sample participants, which included children who received services from the CBC during 2006 – 2010 fiscal years. The sample

population consisted of 879 children receiving services of which 55% ( $n = 485$ ) received placement and 45% ( $n = 394$ ) received diversion services or 20% of the original population.

***Measured Variables***

For 2006 – 2010 fiscal years, six variables were placed in the data set used for the analysis. The variables are service type, age, race, service time in months, number of children in the home, maltreatment 1, and maltreatment 2.

Table 5 *Variable Definitions*

<i>Maltreatments</i>	<i>Description</i>
Service Type	refers to the utilization of placement or diversion services.
Age	The age of the child at the time of the initial service choice was used to indicate the average age of participants needing the services.
Race	The race of the participants provided a view of the number of participants per race that received services.
Length of Service in Months	The length of stay represents the amount of time the participant utilized the service in months.
Number of Children in the Home	This refers to the number of children with in the family unit under the age of 18.
Maltreatment Types	This refers to the primary and secondary

**Descriptive Statistics**

In general, the characteristics of the sample were reflective of the type of children receiving the services. During the analysis, there were 879 children whose ages range

from 0 to 17 years ( $M = 7.4$ ,  $SD = 5.1$ ). Age was non-normally distributed, with skewness of .346 ( $SE = .082$ ) and kurtosis of -1.145 ( $SE = .165$ ) where children 0-5 years old received services more than any other age group (Table 6).

Table 6 *Percentage of Children Ages*

<i>Child Age (group)</i>	<i>N</i>	<i>Percentage %</i>
0-5	387	44
6-12	289	33
13-17	203	23

Of 879 children, the two primary races of the children served were 559, or 64% were white, 223, or 25% were black (Table 7). Race was identified by the case welfare professional.

Table 7 *Percentage of Participants by Race*

<i>Type of race</i>	<i>N</i>	<i>Percentage %</i>
Black	223	25
White	559	64
Asian	12	1
American Indian	5	1
Unable to Determine	20	2
Biracial	16	2
Hispanic	44	5

The analysis showed that out of the 879 children, 599, or 68% of the families had only one child in the home (Table 8).

Table 8 *Percentage of Children in the Home*

<i>Number of children in the home</i>	<i>N</i>	<i>Percentage %</i>
1 - 2	737	83
3 - 4	125	14
5 - 6	15	2
7 or more	2	1

Of the 879 children, substance abuse was the primary and secondary maltreatment recorded as the reason for intervention of services. Of 879 children, the analysis revealed that 485, or 55% of the children were abused at an egregious level that resulted in their removal from the home and caused a placement episode to occur (Table 9).

Table 9 *Maltreatment Types*

<i>Maltreatment Types 1 and 2</i>	<i>N</i>	<i>Percentage %</i>
Burns	1	Less than 1%
Egregious	485	55
Child on Child (Sex abuse)	1	Less than 1%
Domestic Violence	33	2
Economic Distress	5	Less than 1%
Environmental Hazards	19	1

Table 9 *Maltreatment Types (continued)*

<i>Maltreatment Types 1 and 2</i>	<i>N</i>	<i>Percentage %</i>
Excessive Discipline	1	Less than 1%
Failure to Protect	1	Less than 1%
Family Violence Threatened Harm	31	3
Inadequate Supervision	14	1
Medical Neglect	4	1
Mental Health	21	2
Mental Injury	3	Less than 1%
Parental Assistance	2	Less than 1%
Parental Deficit	5	Less than 1%
Parental Neglect	3	Less than 1%
Physical Abuse	32	3
Physical Injury	31	3
Sexual Abuse	9	1
Substance Abuse	85	7
Threatened Harm	33	22
Ungovernable Youth	1	Less than 1%

In the analysis, the data revealed that 405 or 46, of the children lived in a fee for service foster home, 80 children, or 9% lived in a fee for service residential group home and 394, or 45% lived in a living arrangement with at least one parent or guardian during the time of intervention (Table 10).

Table 10 *Service Type*

<i>Service Type</i>	<i>N</i>	<i>Percentage %</i>
Placement Services	485	55
Diversion Services	394	45

### **Research Questions**

This research study attempted to answer the following research questions:

R1: What is the statistical significance associated with the causal inference between the cost of intervention and program utilization?

R2: What is the statistical significance associated with client demographic factors of age, race, child living arrangement, maltreatment type, and length of time of service among children receiving placement or diversion services provided by the CBC?

R3: What is the statistical difference between the uses of placement as an intervention versus diversion services?

### **Hypotheses**

This study included a multiple linear regression to analyze the relationship between placement, diversion services (DV) and client factors (IV) age, race, maltreatment 1 and 2 and the number of children in the home. The variables were analyzed to determine if a relationship between the above variables influence the service type, which affects the financial health of the CBC. This study hypothesized that there is statistical significance associated with the type of services received based on the client demographic variables age, race, number of children in the home, maltreatment type 1, 2 and length of service in months. The intent of this experiment was to support or refute

the hypotheses.

The participants in the study were divided into two groups. Group A included children that received placement and Group B include children that receive diversion services. Next, the variables age, race, number of children in the home, maltreatment 1, 2 and length of service in months were analyzed using the coefficient values .95 of the data set using a .05 alpha level to investigate the statistical significance. Finally, the data were analyzed using a cost benefit analysis, regression analysis, t-test, and causal loop diagram to display the results.

Four hypotheses guided the study in order to answer the research questions. The following section provides a discussion of the results:

H<sub>0</sub>: There is no statistical significance associated with the causal inference between the cost of intervention and program utilization.

H<sub>1</sub>: There is statistical significance associated with the type of services received based on the client demographic variables age, race, maltreatment type, and length of time of service.

H<sub>2</sub>: There is a statistical difference in the use of placement versus diversion services.

H<sub>3</sub>: There is a positive correlation between organizational sustainability and utilization of diversion services.

### **Causal Inference and T-Test**

H<sub>0</sub>: There is no statistical significance associated with the causal inference between the cost of intervention and program utilization.

An independent- samples t-test was conducted to compare cost of intervention and program utilization. The analysis revealed there was statistical significance associated with service type and utilization as evident by the observed significance



identified  $t(484) = 20; p = .000$ , two-tails; equal variances not assumed. However, because this data are ex facto data, causal inference cannot be obtained as the program utilization regardless of cost could have been caused by some uncontrolled extraneous variable not introduced in this study. The information needed to test this hypothesis was not documented at the time of service choice and not provided as part of the data set as originally noted by the organization. The information actually recorded included a reference for the cost of service in the form of the Out of Home Price Sheet for placement but not for the individual diversion services as those services vary in type and cost. Instead, the study was able to capture the statistical significance associated with service type utilization. This information was significant as it showed that placement, which is the higher cost service was utilized more often than the less expensive services under diversion services. Therefore, we fail to reject the null hypothesis and the statement is accepted. The question stated there is no statistical significance associated with the causal inference between the cost of intervention and program utilization.

### **Cost Benefit Analysis**

The cost and benefits in this study are based on the costs of preventing one child for one day from the use of placement. This means that no benefits are assigned for the time spent in foster care. Each day a child remains in foster care, the money used to meet the contractual agreement with the agency is money that cannot be used in other areas for diversion services, which are less expensive supportive services for children to remain in their homes. In addition, a child experiencing a costly placement episode often stems from the nature of the child's characteristics such as medical issues and drug addiction along with the program's focus on providing stable long-term foster care for children

who could not return home or be adopted (Zerbe et al., 2009). Type of placement “need” can make the difference as to how long the child would remain in foster care. For example, residential group care is more costly than traditional foster care and often occurs for a longer duration than a diversion service (Table 11).

Table 11 *Placement Type*

<i>Placement Type</i>	<i>N</i>	<i>Percentage %</i>
Residential Group Home	80	9
Foster Home	405	46
Living with one parent	394	45

### **Maltreatments**

Federal legislation equips the States with appropriate definitions by identifying a minimum group of harmful acts or behaviors toward children that characterize child abuse and neglect. The Florida Department of Children and Families uses 21 maltreatments to categorize the types of abuse and neglect children experience within the child welfare system (Table 9). During the study, substance abuse was recorded more often as the first and second maltreatment that required some level of intervention. The maltreatment substance abuse was more than physical abuse, physical injury, domestic violence, and family violence threatened harm. This study focused on how substance abuse affected service need.

## Substance Abuse

The primary maltreatment for intervention in this study is substance abuse. In Florida, substance abuse of prescription drugs is described as the most threatening substance abuse issue. The National Survey on Drug Use and Health (NSDUH) uses a measurement of 23 indicators to identify substance use and mental health problems for 4 age groups within the U.S. The ages consisted of over the age of 12; age 12 to 17; age 18 to 25; and age 26 and older. Since the inception of these measures, state estimates of substance use, Florida's rates of drug and alcohol use have been unpredictable and for measures of previous marijuana use rates, Florida's have generally mirrored the national rates (Wright & Sathe, 2005). In the 2006 N-SSATS survey, Florida showed a one-day total of 52,734 clients in treatment. There were 44,602, or 85% clients receiving some sort of outpatient drug treatment. There were 4,253, or 8% of the clients were under 18 years of age (Table 12).

Table 12 *Drug Treatment Programs*

<i>Drug Treatment</i>	<i>N</i>	<i>Percentage %</i>
Total	52,734	100%
Receiving some sort of treatment	44,602	85%
Out Patient 18 and under	4,253	8%

*Note: Categories do not equal 100%*

The National Treatment Improvement Evaluation Study (NTIES) found that drug treatment is more cost-effective, when compared to incarceration. Often children in foster care can have parents incarcerated in prisons due to a related drug charges. These

researchers found that the costs of drug treatment varied from \$1,800 to \$6,800 per client, and that drug treatment in a prison or jail setting cost an additional \$24 per day over the everyday costs of incarceration coupled with the cost of providing a licensed bed through foster care. In 2001, the National Center on Addiction and Substance Abuse at Columbia University found that 32.1 %, or \$7.7 billion of states' \$24.9 billion budget for child welfare is strongly linked to substance abuse problems (The National Center on Addiction and Substance Abuse at Columbia University, 2001 p 17). This increase illuminates the growing problem of substance abuse and misuse in the family.

### **Cost vs. Benefit**

This section demonstrates a cost benefit analysis of cost service programming for 80 children with the opportunity to receive placement or diversion services. The total sample population of 879 includes 80 children who lived in a residential group home setting during the fiscal years 2006 – 2010. For purposes of the analysis, \$110 per day rate was utilized, as it is the negotiated CBC group home rate, for one bed per day at a residential group home for a child receiving placement (OOH price sheet, 2011). An \$18.52 per day fee was assigned for children receiving diversion services, which is the daily rate for substance treatment within the community according to the Washington State Institute for Public Policy (WSIPP).

## Multiple Linear Regression

H<sub>1</sub>: There is statistical significance associated with the type of services received based on the client demographic variables age, race, maltreatment type, length of time in months, and number of children in the home.

The study used a multiple linear regression to assess if the independent variables influenced the use of the dependent variable (service type). A multiple linear regression is an appropriate analysis to assess the extent of a relationship among a set of variables. H<sub>1</sub> was examined using multiple linear regression analysis with the stepwise method. The ANOVA for the model was statistically significant,  $F(4,874) = 1527.665$ ,  $R^2 = .874$ ;  $p = .000$ . Therefore, H<sub>1</sub> is accepted for the predictor variables number of children in the home, maltreatment 1, 2, and age when all variables were entered into the regression equation. Race (.151) was not statistically significant since they exceeded the significance level of .05. Length of service in months was removed as a variable because it is a dependent variable that is calculated after the service type is chosen and not as a variable in determination. The coefficient of multiple determination is 0.874; therefore, a  $R^2$  value of 87.4% of the variation with the service type can be explained by the client factors excluding race. The set of predictors and all their implied interactions within a full model may explain a notable amount of the variance of the dependent variable (service type) close to 1 (Table 13).

Table 13 *Regression Coefficients for H<sub>1</sub>*

Variable	B	SE B	Beta	t	Sig.
Constant <sup>a</sup>	2.353	.014			
Number of children	-.045	.007	-.095	-4.521	.000
Maltreatment 1	-.030	.001	-.401	-21.350	.000
Maltreatment 2	-.064	.002	-.557	-47.088	.000
Age	-.003	.001	-.030	-2.411	.016

Note a: Dependent Variable = Service Type (placement and diversion services)

Note b: Excluded variables = Race

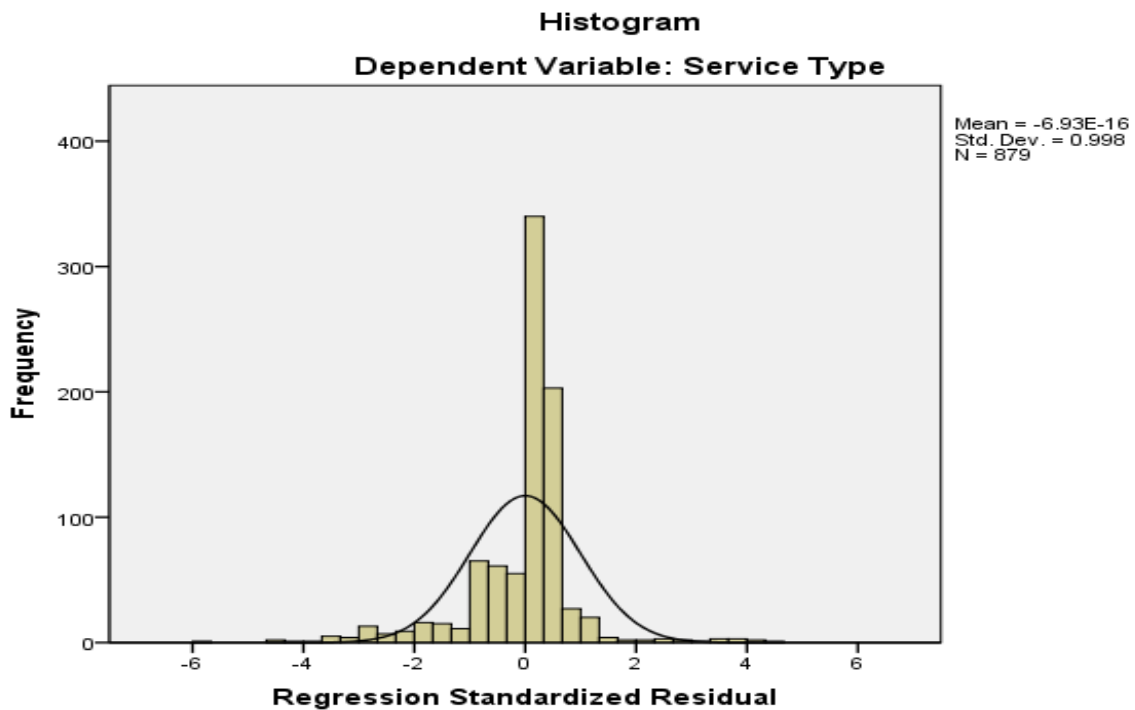


Figure 1: Histogram Service Type

Based on the normal probability plot of regression standardized residual and utilizing service type as the criteria, it appears that the client factors are nonlinear related for all variables.

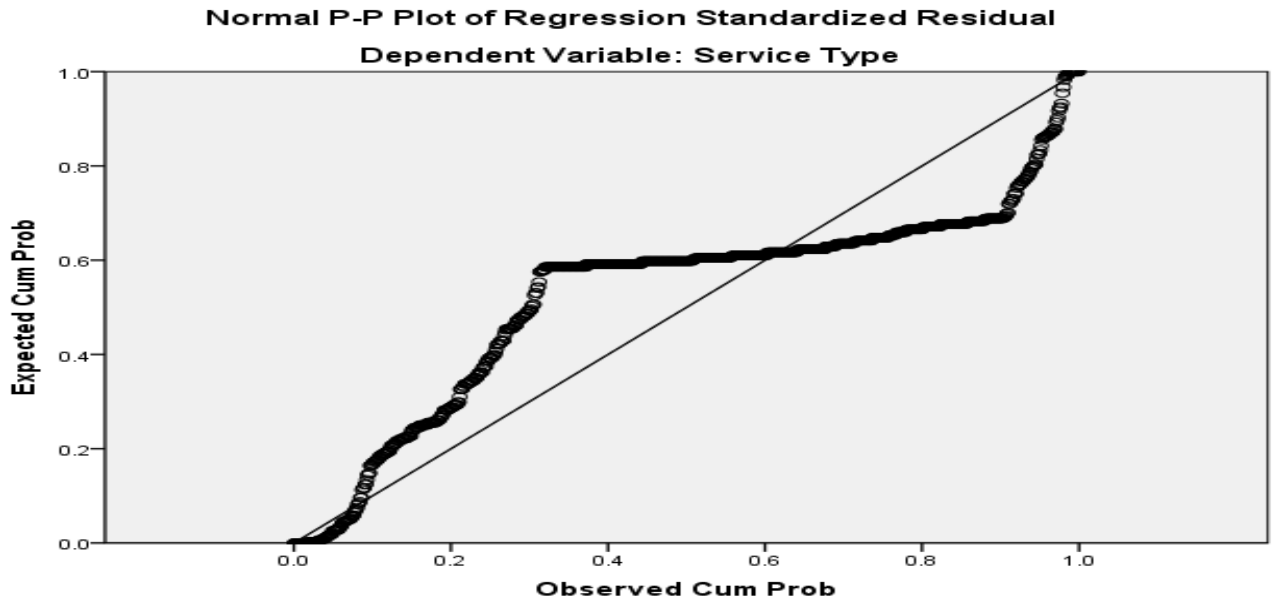


Figure 2: Normal P-Plot of Regression Standardized Residual

### T-Test

$H_2$ : There is a statistical difference between the uses of placement versus diversion services.

In order to investigate  $H_2$ , an independent sample t-test was performed. Children who had a placement episode were at greater risk of abuse and neglect than children receiving a diversion intervention. An independent samples t-test indicated that service duration in months were significantly higher for children receiving placement ( $M = 29$  months,  $SD = 13$  months) than for diversion services ( $M = 1$  month,  $SD = 2$  months). The differences was statistically significant,  $t(516) = -47, p = .000$ , two-tails; equal variances not assumed. Therefore,  $H_2$  is accepted and there is a statistical difference in the utilization of services.

In this analysis, the use of placement represented a revenue loss as no value or cost savings occurs when this service is used. The Washington State Institute for Public Policy (WSIPP) found that drug treatment received within the community is more cost effective and beneficial than building prisons and that every dollar spent on drug treatment in the community is estimated to return \$18.52 in benefits to society per day. In this study, the data reported that children received more costly placement 55% versus 45% of the time for diversion services.

### **Causal Loop Diagram**

H<sub>3</sub>: There is a positive correlation between organizational sustainability and utilization of diversion services. Therefore, H<sub>3</sub> is accepted.

Figure 3 demonstrates the causal loop diagram and highlights the links that identifies the relevant findings. Based on the findings of H<sub>2</sub> the research demonstrated that placement is chosen more often than diversion services at a costlier rate. This section will test to see if there is a positive correlation between organizational sustainability and utilization of diversion services utilizing a causal loop diagram. The causal loop diagram consists of identified variables linked by arrows that signify the causal influences among the variables. The variables show relation as demonstrated by links of causality by using arrows, which show one element affecting another element. This dissertation uses a causal loop diagram to trace the pathways between organizational sustainability and the use of diversion services. Each link has a designation of a strong or weak, positive or negative, and the causal pathways from cost of service to utilization for the service type diversion.



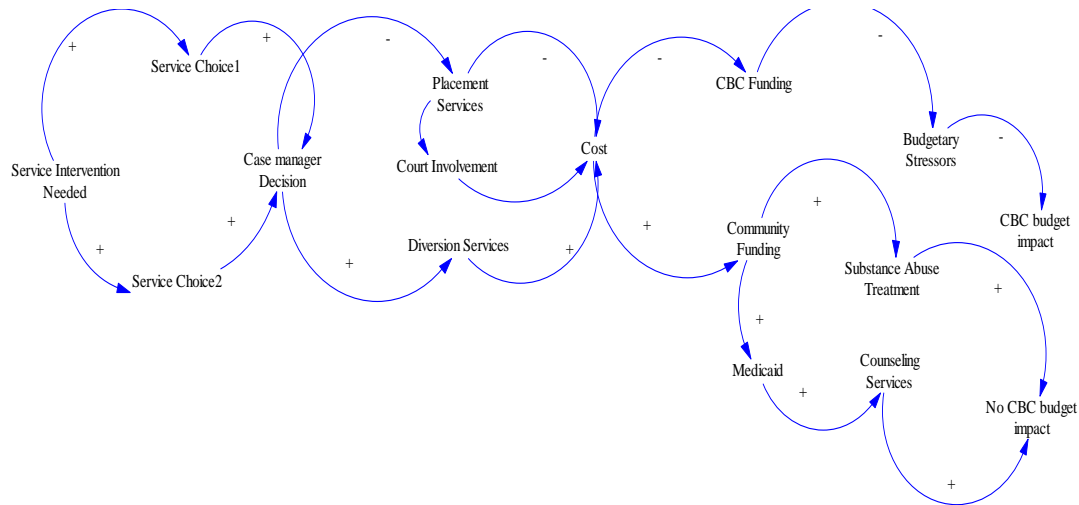


Figure 3 Causal Loop Diagram

The research confirmed a strong link between diversion services and organizational sustainability as evident by the positive arrow used to identify the relationship. A negative arrow is used to identify a weak link in which the research exposed the existence of mitigating or intervening variables, such as court involvement, investigator intervention, and lack of understanding of services availability. The symbol on the link is positive if a change in the first variable leads to a change in the second variable in the same direction. The symbol on the link is negative if a change in the first variable leads to a change in the second variable toward CBC funding. These findings were not surprising, as the causal loop (Figure 3) confirmed the starting hypothesis that there is a positive correlation between organizational sustainability and utilization of diversion services. In addition, several links between extenuating variables (court involvement and lack of edification of laws) contribute to the finding of instability.

Excessive use of placement is predicted to destabilize the organizational financial structure on which depends the economic health, and millions in cost service programming funds that support child welfare within the service area. While service

choice, will not singlehandedly change the complete economic health of the agency it is likely to cause a major stressor to every other system on which it influences.

Table 14 *Summary of All Hypotheses Tested.*

Hypotheses	Test	<i>p</i>	Accepted or Rejected
H <sub>0</sub> : There is no statistical Significance associated with the Causal inference between the costs of intervention and program utilization.	T-Test	.000	Accepted
H <sub>1</sub> : There is statistical significance associated with the type of services received based on the client demographic variables age, race, maltreatment type, and number of children in the home.	Regression	.000	Accepted
H <sub>2</sub> : There is a statistical difference between the uses of placement Services versus diversion services.	T-Test	.000	Accepted
H <sub>3</sub> : There is a positive correlation between organizational sustainability and utilization of diversion services.	Causal loop diagram		Accepted

### Summary of Results

By using data gathered by the Safe Children Coalition and the Florida Department of Children and Families, and scholarly literature, a cost benefit analysis, regression analysis, and a causal loop diagram was generated to display the connections between service choice and the impact it makes on the CBC’s financial health. The purpose of this research was to explore the links between service choice and organizational stability, or more exactly the impact client factors age, race, number of children in the home,

length of service and maltreatment types have in the decision-making associated with service choice.

Arguably, decision-making associated with service choice can and often does affect the financial health of CBC. Though the global study of utilization of cost service programming funds has occurred at the national level over the last decade individual reviews within Florida, remain scarce at the state and local level. In previous studies, research has focused more on the overall agency spending and has neglected the impact that decision-making associated with service choice plays as a pivotal role in organizational sustainability. This study sought to utilize three hypotheses to investigate the impact of service choice on an organization's ability to sustain.

Through a cost-benefit analysis, the study demonstrated that the CBC is utilizing a large portion of their budget to support children who receive placement related services. These expenditures offer no financial benefit to the organization and place a significant burden on the organization as a whole. The data demonstrated that the cost of residential group care pose financial burdens on the organization however, the uses of diversion services to address maltreatments appear underutilized. The implications for these findings are discussed in chapter 5. Additionally, the following chapter will discuss how the findings relate to the literature, implications for change, the limitations of the study, and suggestions for future research.

## **CHAPTER 5 DISCUSSION, IMPLICATIONS, RECOMMENDATIONS**

### **Introduction**

Since the inception of privatization in the late 1990s, the community based care organization (CBC) was one of many nonprofit organizations within the State of Florida that entered into a contractual relationship with the Department of Children and Families (DCF) to provide Child Welfare Services. This contract covers a wide range of service opportunities to help families in need. This study focuses on two service types' placement and diversion services, which focuses on two services that fall on opposite sides of the financial spectrum and as a result, their utilization is impactful to the organization's financial health.

The purpose of the study was to identify client factors that affect the service choice when child protection professionals are faced with making decisions regarding utilization of either Placement or diversion services. The research questions were founded on the tenets of decision-making theory and were designed to discern if a statistical significance was present between client factors that affect service choice and the CBC's ability to financially sustain. The study also addresses how those decisions affect the organizations financial health.

In pursuit of this theory, the instance of statistically significant correlations and possible causal relationships were considered to calculate the findings. The research design called for the utilization of a cost benefit analysis, regression analysis, t-test, and a causal loop diagram to display the findings and from the analysis, several interesting findings emerged. The remainder of this study will review and discuss the results, the

implications for change, limitations, and cautions, recommendations for future studies and address the research questions.

### **Child Welfare Changes**

Florida entered in to privatization as a way to make changes to the system delivery of child welfare services. This new focus allowed for a more direct approach focusing on specific outcome measures, which restructured the system as a whole and made it more competitive by contracting out services to a third party (Snell, 2000). In doing so, the Department of Children and Families shifted some of the financial responsibility and child safety liability coupled with service delivery to private agencies. Since the inception of privatization with the contractual financial support provided by DCF the cost of service, provision has increased substantially from the initial contract year from 3 million to now more than 24 million dollars. The change has been in some part associated with the high cost of providing services due to children and families with more complex needs.

The study purpose had a dual function that looked at decision-making associated with client factors but also how decisions would play a role in the organization's ability to financially to support the community. This study is significant as the CBC is at a pivotal point in its evolution and arguably need to identify areas that can be changed to prevent future financial losses and outline a strategic plan for future gain. The desired outcome can be impactful to the community and the employees as a whole.

The research employed a quantitative ex post facto approach to analyze an existing data set to answer the research questions. In this study, 879 children who

received placement and diversion services were utilized in a stratified sampling method using data collected by the Department of Children and Families and the CBC from the fiscal years 2006-2010. The sample population was unique as it included children who experienced a placement intervention or diversion services due to a maltreatment of abuse and neglect who were ethnically diverse within a particular service area.

### **Summary of the Findings**

In the CBC tri-county, service area the most observed maltreatment is due to substance abuse (Table 9). This population was greater than that attributed to medical neglect, sexual and physical abuse combined. Over the past few years, drug over doses have increased significantly throughout the State of Florida specifically within the service area of the CBC, which includes Manatee, Desoto and Sarasota Counties. During a review of 3-year death rates in Sarasota County alone there were 1.2 deaths per 100, 000 between 1980 -1982; however during 2004-2006 the rate reached to 22 deaths per 100,000. This rate is nearly double the State average, and among Florida Counties, Sarasota County had the third highest rate of drug over doses related deaths during 2004-2006 (Florida Youth Substance Abuse Survey – Sarasota County Report, 2006).

The National Survey of Substance Abuse Treatment Services (N-SSATS) reports an increase in Florida drug treatment facilities from 612 to 668 in during a four-year period. In 2006, 380, or 57% of the facilities were nonprofit, and 244, or 36% were for-profit. These account for 93% of the available facilities. In all, 537 Florida facilities (80%) in 2006 offered some form of outpatient treatment with 228 facilities offered residential care, and 44 facilities offered Opioid treatment programs. In 2006, 382, or

57% of all facilities received some type of federal, state, county, or local government funds; and 254 facilities had agreements or contracts with managed care organizations for the provision of substance abuse treatment services. Due to the influx of service need, the community has responded in such a way that the CBC can identify opportunities for treatment prior to a child coming into care but most importantly developing plans for intervention before they are needed. In order to address the study problem the following research questions were addressed and ascertained the following results.

The first question investigated the statistical significance associated with the causal inference between the cost of intervention and program utilization. This question mirrors the hypothesis that posited no statistical significance existed associated with causal inference between the cost of intervention and program utilization. In this, statistically significant correlations were found to support the covariance of placement utilization and service type however, because this data is ex facto data causal inference was not determined, as the program utilization regardless of cost may have been caused by some uncontrolled extraneous variable not introduced in this study. Therefore, the null hypothesis was accepted, which stated that there is no statistical significance associated with the causal inference between the cost of intervention and program utilization. The findings from this question was not anticipated as it was expected to find correlation between the cost of intervention and program utilization but without knowing if the case worker was aware of the cost prior to placement it cannot be ascertained if it played a role in the decision to utilize the service.

The results of this study echoed findings from previous research including the one conducted by Farmer, Burns, Chapman., Phillips, Angold, and Costello (2001) in which

researchers compared mental health service need and use among three groups of children: those with a history of foster care, those associated with social services but not in placement and from impoverished families without any social services intervention. Results of that study indicated that it was unclear how much of the need and use of mental health services had a direct relationship with placement in foster care and how much was due to the factors that increase the risks for both mental health problems and foster care placements. The study did state that children were more likely to utilize these services while in foster care because they had more opportunities for financial support (Farmer et al, 2001).

The second question investigated the statistical significance associated with client demographic factors of age, race, maltreatment type, and length of time of service among children receiving placement or diversion services provided by the CBC. A regression analysis was conducted to find the relationship between client demographic factors age, race, maltreatment types, number of children, and length of time of service for children receiving either placement or diversion services. Race was positively correlated with a degree exceeding statistical significance (.05) for race ( $p = .151$ ). Statistically significant correlations were confirmed for maltreatment types 1, 2, number of children in the home and age. Length of time in months was removed as a variable because it is a dependent variable that is calculated after the service type is chosen and was not as a variable in determination.

The third question investigated the statistical difference between the uses of placement as an intervention versus diversion services. An independent sample t-test was conducted to find the statistical difference between placement as an intervention and



diversion services as an alternative by comparing the two groups was performed. The test yielded that there was a statistical difference between the uses of placement and diversion services. Placement was used 55% of the time where diversion services were utilized 45% of the time. In addition, placement utilization tended to occur for longer periods for a child receiving placement ( $PM = 29$  months;  $DM = 1$  month). The results of the t-test and regression analysis provided statistical correlation concerning client factors and the causal loop diagram was able to demonstrate the pathways traveled by cost versus benefits, which affect the CBC's financial health.

### **Implications for Change**

During this study, there were several opportunities for organizational change. As the lead agency, the CBC has the responsibility for all aspects of the decisions associated with case management both as a basic and core function. Most importantly, the organization is responsible for two areas, which are necessary for growth. First, the CBC has the responsibility to guide the evolution of the decision-making and thought processes associated with completing the organization's mission. Second, management is responsible for providing the training, which empowers the employees to evolve.

### **Organizational Evolution**

Organizational evolution moves the organization from one phase in development to another. Based on the study results, the CBC arguably is in need of new and innovative ideas that can stop the financial bleeding associated with decisions made regarding service choice. Clearly, by simply dividing the issue into multiple sections with an attempt to fix each section separately may no longer be enough to effect a system

wide change. However, utilizing a systems thinking approach may benefit the organization as a whole and move it into a new developmental stage. A systems thinking approach focuses on the part of the system that needs changing by studying how it interacts with the other parts of the system and how those elements interact to produce behavior of the process being studied (Aronson, 1996). The CBC needs to look at how and what is affecting the budget and causing the organization to struggle financially and put in place a system that will allow it to address organizational needs at a stage less than critical.

Many of the problems that plague the CBC are complex with multiple persons that intervene on different levels. The CBC is challenged when the focus on the issue is done in the absence of understanding how they relate to the overall system that results in ineffective programming, which is neither sustainable nor truly able to reach all children who are in need of protection (Wulczyn, Daro, Fluke, Feldman, Glodek, & Lifanda, 2010). Generally, the outcome used to assess the success of a system derives from the organization's mission that serves to legitimize the system within a particular normative framework of "laws, policies, and commitments" (UNIF EAPRO, 2009).

For example, all systems are nested within other systems (Mizikaci, 2006). This means that the larger child welfare system has the smaller system of foster care nested within the larger system. As a system, foster care demonstrates a nested internal structure where children are raised in the context of a family, which has a duty to protect their children. The family in turn is nested within a family system (biological family), which is nested within the community (itself a system) and the wider social/societal system, Department of Children and Families (Stevens, 2008; Mulroy, 2004). Sometimes the

nested structure of children, families, and communities is portrayed as a series of concentric circles (UNICEF EAPRO, 2009). With respect to the child welfare system, persons at each level such as the caseworker, child, family, and community play a vital role in shaping what the system looks like in its totality. With that said, when the community changes and situations occur that impact one of the nested systems it is imperative that the CBC as part of the larger system develop an opportunity for intervention to address the impact.

The CBC management team can and should develop necessary training opportunities, thinking sessions with employees and community speakers to address the staff and explain current changes and trends associated with their service area. Typically, these types of informational meetings are generally prepared for the management level and do not always include the staff it most affects; as a result, there is a slow filtering effect to the frontline staff. Therefore, the system is affected because the produced behavior results in no change in how issues are approached or resolved and instead they remain stagnate and the systems nested within each system experiences an impact and new and continuous training is essential to address the challenges that result.

### **Training**

Trainings that support the CBC's mission are essential to an organization's staff development. The Department of Children and Families mandates that the CBC ensure case managers receive a state mandated training for six weeks called Pre-Service Training and demonstrate competency through testing. This testing establishes the credential of Child Protection Professional. Pre-Service training is designed to educate the worker on how to assess risk, system dynamics, and how to make sound decisions

when engaged with the family. However, that level of intense training only occurs once in the case manager's career.

The CBC offers training in several service areas such as legal and practice to meet the minimum needs of certification. However, opportunities to cultivate current child welfare theories supported by the individual case manager regarding service choice appear lacking. Arguably, service choice is influenced by their lack of knowledge regarding service availability and understanding of theories that support or refute actions that can benefit the family. This lack of knowledge can be the result of no specific training program to improve their skill set beyond certification training in specific areas. The study demonstrated that there are significant issues within the CBC tri-county service area regarding substance misuse and this should serve as a focal point of where growth and development for the caseworker, supervisor, and director can occur. Thus understanding the societal impacts and current challenges the front-line worker's view on service choice becomes essential as it is their foundational knowledge that is recorded in the case files, court documents, and provided during sworn testimony in court. Lack of continuous training in areas of need and understanding has a significant impact on staff competency, turnover, and relationships that affect the overall client outcomes and as a result impacts the organizations finances. In fact, partnerships with universities that are supported by Title IV-E funds, provides a useful recruitment strategy (Cyphers, 2001; GAO, 2003), to acquire and maintain skilled employees by enhancing the level of knowledge and skill which provides a significant baseline for learning.

## **Limitations and Cautions**

The study was conducted in a tri county area where the population in Sarasota County reflects a disparity in the racial makeup with whites reflecting 90.2%, Manatee County reflected 73.4%, and in Desoto County, whites reflected 56.2% of the county population (US Census Bureau, 2010). In an area with such little diversity, the population may not have been large enough to provide definitive evidence of significant racial differences. By investigating the differences between the groups over a period, a stronger link between client factors and service choice within this population may be better identified. Utilizing this information, a future study is recommended that will look at the impact that decision-making regarding client factors as a variable in communities with large at risk populations.

Throughout the literature, very few studies drew empirical information that shows how monies were spent in Child Welfare at the local and national level. This study did not capture the decision-making associated with the partner agencies that also have authority to determine service choices, as they were not a part of this study. The information regarding diversion services did not capture all of the same information that placement captured and information such as gender of the child as another variable could have further explained additional descriptive patterns. The study is a small snapshot of the overall budgetary opportunities for service choice that are utilized by the organization, and a review on a larger scale would be appropriate. In addition, it should be noted that causal studies do not provide the same level of empirical evidence as an experimental research study but can provide the ability to draw conclusions as to whether one variable affects another.

### **Recommendations for Future Studies**

Future research is recommended to thoroughly investigate the impact that client factors have on service choice. The study utilized a stratified sample that was moderate in size (N=879) and only included children who had available statistical information; therefore, the findings may not be generalized to other populations. It is recommended that this study be repeated with a larger population in various geographical areas throughout the state. In future studies, obtaining information regarding case manager ideologies and understanding of the organization's mission are fundamental to understand how decisions are understood, executed, and supported.

Additional research to include the partner agencies and court will offer a more holistic view of the system of care and how community issues affect opportunities for service choice. In all cases, family dynamics and egregious abuse are variables that cannot be ignored during the assessment of service need and sometimes that alone can dictate service choice. This study's objective was to provide additional knowledge to the management field however, it also sought to ascertain ideas that can support the future challenges faced by the CBC in an effort to improve service choice and affect the organization's financial health.

### **Conclusion**

Organizations such as the CBC are private non-profit organizations that provide child welfare services and rely on government grants and contracts for a substantial portion of their funding. The federal government is the largest source of child welfare

funds, which are transferred to state and local governments, who then implement the programs in partnership with private organizations (De Vita, 1999; Salamon, 1995; Smith, 2002). Moreover, state and local governments can also use their own revenues to fund programs implemented through private organizations to enhance the availability of services and delivery.

Decision-making, staff edification and cultivation are paramount in ensuring that case workers are up to date with empirical information that can support decisions and communications held within the community. Accompanying decision-making is the impact of outside decision makers such as the courts and child abuse investigators from other agencies and management policies and procedures that may order an action contradictory to current information. These outside forces coupled with an already strained system impacts the CBC's ability to fund areas appropriately.

Social services agencies spend a significant amount of money for placement (McBeath et al., 2011). These robust expenditures outline a dangerous trend as organizations nationwide are trying to combat the rapid influx of children coming into care. Therefore, the overutilization of placement as Courtney (1998) identified represents one of the only services with virtually unlimited funding. This uncapped resource places a burden on the CBC. Moreover, organizational leaders perceive change as inevitable in the face of financial challenges, which forces the organization to evolve. The assurance of the evolution process transcends debate though it is full with convergent and divergent views on how to achieve the desired result (Hage, 1999).

Other research has centered on the disparity of social factors in Child Welfare and if those factors affect a particular group of children coming into foster care. Differences

do not exist with actual incidences of child abuse or neglect between different ethnic groups, research has demonstrated that a combination of socioeconomic factors coupled with various state and federal policies, reporting and service delivery increase the likelihood of disparity. That translates into more poor and minority children entering in to the foster care system. Some related factors are parental substance abuse, child race and incarceration (McRoy, 2005).

The desire to make changes is derived from the viewpoint of a new system, that centers around developing a plan of operation designed to increase the effectiveness of the organization. Organizational activities that support change activities often involve large monetary investments and time to execute. A successful organization can execute change and evolve by effectively implementing an aggressive and focused management team and gain favorable impact on organizational performance and effectiveness. Rigorous studies have expressed very diverse outcomes without committing to any type of consensus methodology to apply and achieve effective change. The CBC is unique in its operations and mission and no one size-fit-all approach to change seems to exist (Weick & Quinn, 1999). Nonetheless, no multivariate empirical study has been found that estimates the effect of an organizational shift in decision-making as it relates to welfare spending within child welfare.



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