CHRISTENSEN INSTITUTE

FROM CHILD WELFARE TO WELL-BEING:

A blueprint for CBOs and government agencies

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EXECUTIVE SUMMARY

The US child welfare system incentivizes a reactionary rather than a proactive response, resulting in cases of child abuse and neglect that could have been avoided. Within the system, well-established business models and federal financial incentives are designed to see and serve families who are in crisis. Effectively, the system focuses on child safety and intervention *after* an allegation of abuse and neglect rather than on child well-being, which we define in this report as more holistic than just safety.

Reactive interventions alone should not be the norm. A more holistic approach that also proactively focuses on identifying the root causes of, and offering solutions to, issues that children and families face (e.g., poverty and lack of resources or support) is required to promote well-being. In a more holistic and prevention-inclusive system, government agencies are best suited to provide funding and support, whereas community-based organizations (CBOs) may be better equipped to provide prevention-oriented services.

Altering business models to embody a proactive approach will support the development of an ecosystem that ***prevents*** child abuse and neglect as well as one that responds after it has occurred. Several state governments and child welfare CBOs are enhancing their focus on prevention by prioritizing children's and families' needs, the drivers of health (DOH), and/or the "Strengthening Families Protective Factors Framework." However, these efforts are not without challenges.

With the introduction of the Family First Prevention Services Act (FFPSA), a new funding source that incentivizes prevention and expands Title IV-E funding, more states and CBOs are able to overcome some of these challenges and proactively address families' basic needs, not just ensure child safety once maltreatment is suspected. But a shift in incentives alone is not sufficient to change the system, the business models that function within it, or the outcomes that result. To deliver on prevention effectively and sustainably, new business models are required. The Christensen Institute's business model framework helps explain why this is and how leaders can respond.

We researched prevention-oriented CBOs and prevention-enabling government agencies to understand what makes their approaches different and impactful. Since there are an array of CBOs providing services to the community, we focused on CBOs that are known to provide services related to child welfare.

Our research provides a blueprint for how CBOs and government agencies that want to support prevention and create a child well-being system can set up their business models to succeed.

Altering business models to embody a proactive approach will support the development of an ecosystem that prevents child abuse and neglect as well as one that responds after it has occurred.

INTRODUCTION

(The story below is a fictionalized story based on lived experiences found in our research.)

Imagine you're a single father with two kids. Your children, Sam (8) and Olivia (6), are vivacious, and you love them more than you imagined possible. You're no longer in a relationship with their mother. She lives in a different state, and she never sees the children. You, Sam, and Olivia live with your brother because your low-paying job doesn't enable you to afford a home of your own. You're grateful for his hospitality, and while his home has the basic necessities, it's in need of many repairs. Also, you both work long hours, so sometimes the children are left alone because you can't afford child care.

One day, someone reports your living situation to a child protection agency; the agency deems it unsuitable for your children, takes them away from you, and places them in foster care. No one provides you or your children with support to find child care or employment assistance to help you afford another place to live. The pain of losing your children is unfathomable. You knew the home wasn't the most luxurious, but they had a roof over their heads and a warm bed to sleep in. You didn't want to leave them alone while you were at work, but you didn't have any other choice. Child care is expensive and you are barely making ends meet. You tried your best to take care of them. You can't believe how a system meant to protect them could tear apart what little they had. Despite your efforts and dedicated fight to get them back, ultimately, they both get adopted.

This story highlights the fact that child welfare agencies spend the majority of their expenditures on out-of-home placements rather than on prevention support or resources for families.[1] Prevention is the approach of providing aid to families in order to meet their needs for resources or support to improve their outcomes and keep them from entering or reentering the child welfare system. The objective of prevention is to ensure the well-being of children and families and prevent child abuse and neglect by both reducing risk factors and promoting protective factors.[2]

From a public health perspective, there are three levels of prevention: primary, secondary, and tertiary. Primary prevention is directed at the general population to prevent maltreatment before it occurs; secondary prevention targets individuals or families in which maltreatment is more likely; and tertiary prevention targets families in which maltreatment has already occurred.[3] This report focuses on the critical role of secondary and tertiary prevention in the child welfare system, as prevention is required in any system that seeks to improve well-being.

For example, consider how our health care system would function if it consisted mainly of emergency room (ER) services, and there were few pediatric, primary care, or obstetrics and gynecology departments to offer preventive care. That's how the child welfare system predominantly operates today: there are a lot of ERs to respond when emergencies arise. And while ERs will always be required, the system also needs a robust suite of prevention services to keep people out of the ER and serve them before their needs become emergent. For decades, the child welfare system has focused primarily on child safety, stepping in to protect children from abuse or potential harm associated with parental substance abuse, mental health issues, etc. But it also intervenes due to reasons that, in many child welfare cases, are driven by circumstances spurred by poverty.

In 2022, the top five reasons children were removed and placed into foster care were neglect, parental drug abuse, caretaker's inability to cope, physical abuse, and housing-related issues, and many of these challenges are associated with poverty.[4] Neglect is the most common type of child maltreatment, and it is particularly concerning because the legal definition of neglect varies from state to state. Researchers have found that many states do not exempt the inability to produce financially for their children in their definitions of child maltreatment. Meaning, in these states, a parent who doesn't have the financial ability to provide for their child could satisfy the definition of neglect and be subject to child welfare involvement.[5]

In contrast to this reactive approach, research shows benefits accrue to society and families when states invest in prevention activities. For example, a study conducted in 2021 found that state spending on public benefit programs was associated with fewer child abuse and neglect reports, substantiations, foster care placements, and fatalities. The researchers looked at state spending on public benefit programs such as medical assistance, child care assistance, cash, housing, and other in-kind assistance.[6]

More entities within the child welfare system are now starting to emphasize prevention-focused services. This is influenced by an industry mindset shift toward prevention as a needed component of the continuum of care that will advance child well-being, as well as recent legislation that provides agencies with more funding for prevention services—the Family First Prevention Services Act (FFPSA).

Although funding is one key factor required to incentivize more prevention offerings within the system, funding alone is not enough. This is a result of how business models solidify over time and become increasingly resistant to change. Actors in this arena can't just pivot from a focus on foster care placements after abuse and neglect occurs to a more balanced continuum of care that is prevention-oriented or -enabling. New business models are required, and herein, we'll explain why that is.

Much can also be learned from the innovative entities that are focusing on prevention to help evolve the child welfare system to a child well-being system. Aiming to uncover how prevention-enabling government agencies and prevention-oriented CBOs are focusing on prevention and succeeding, our research revealed that they're changing their business models around four key components:

1. A focus on programs and services that meet children's and families' holistic needs, like mental health, housing, social connections, etc.;
2. Leadership focused on prevention and building partnerships;
3. An understanding of families' circumstances and addressing root causes of their challenges to provide resources or support; and
4. Prevention-aligned funding sources and priorities.

Although funding is one key factor required to incentivize more prevention offerings within the system, funding alone is not enough.

Definitions

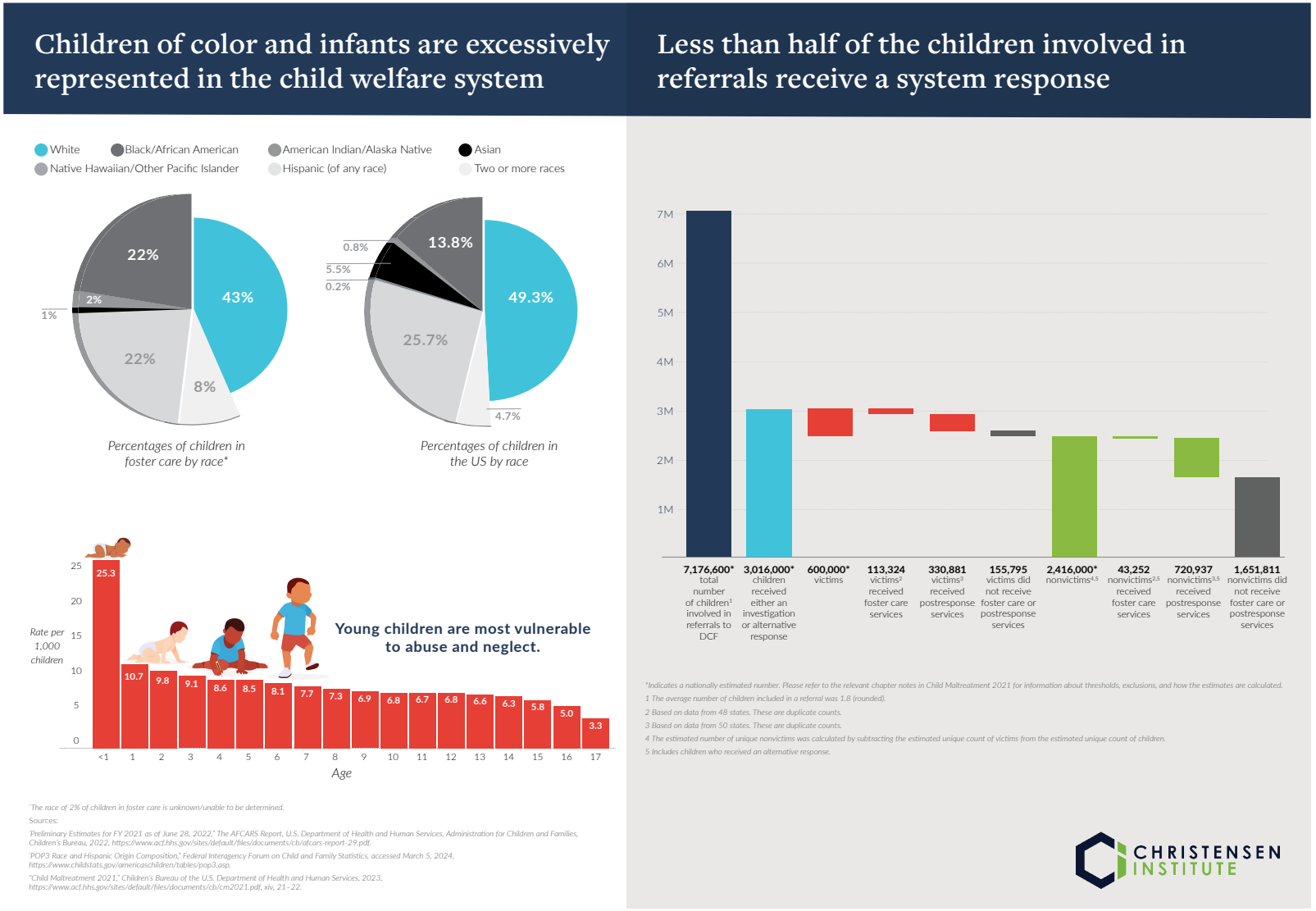
- **Child well-being:** Child well-being is the overall quality of life of a child; their ability to have a good childhood in the present and to develop the skills, abilities, and competencies needed for a thriving future. Child well-being is a multifaceted concept that encompasses many interrelated components such as the child's physical, mental, and emotional health; education; family and community support; social and emotional development; safety; security; economic opportunities; and access to basic necessities. A child's individual well-being is not independent; their parents', family members', and community's well-being influence their well-being. As each child is unique, their wants, desires, and needs are different and ultimately define what thriving means to them.
- **Community-based organization (CBO):** A private nonprofit, nongovernmental, or charitable organization that represents a community and seeks to meet the needs of that community by providing child welfare services or identifying with child welfare.
- **Congregate care:** An out-of-home placement location such as a group home, residential treatment center, qualified residential treatment program, child care institution, supervised independent living, juvenile justice facility, medical or rehabilitative facility, or psychiatric hospital.
- **Drivers of health (DOH):** DOH are all the circumstances in a person's life that affect their health and quality of life status. Drivers include access to quality health care, plus predominantly nonmedical factors, such as education access and quality, access to and affordability of healthy foods, social connections and support, stable employment and housing, safe neighborhoods, clean air and water, and more.
- **Government agency:** A governmental entity that provides child welfare services, including state agencies, local agencies, and independent special districts.
- **Independent special district:** A local government created by the community to provide health, safety, economic, and well-being services.
- **Prevention:** Providing aid to families that keeps them from entering or reentering the child welfare system by meeting their needs for resources or supporting them to improve their outcomes. The objective of prevention is to ensure the well-being of children and families and prevent child abuse and neglect by reducing risk factors and promoting protective factors. From a public health perspective, there are three levels of prevention: primary, secondary, and tertiary. Primary prevention is directed at the general population to prevent maltreatment before it occurs; secondary prevention targets individuals or families in which maltreatment is more likely; and tertiary prevention targets families in which maltreatment has already occurred.
- **Protective Factors—The Strengthening Families Protective Factors Framework:** A research-informed framework founded on engaging families, programs, and communities to help increase family strengths, enhance child development, and lessen the risk of child abuse and neglect. The five factors are parental resilience, social connections, knowledge of parenting and child development, concrete support in times of need, and social and emotional competence of children.

Note: These definitions have been adapted from the following sources: Carleton University, Center for the Study of Social Policy, Child Welfare Information Gateway, Children's Bureau, Child Trends, Clayton Christensen Institute, Federal Interagency Forum on Child and Family Statistics, Florida Association of Special Districts, National Academy of Medicine, Organisation for Economic Cooperation and Development, and University of Miami School of Nursing and Health Studies.

STATUS OF CHILD WELFARE

In 2021, there were almost 4 million referrals (i.e., allegations of abuse or neglect) regarding 7 million children to child protection services agencies.[7] Only 51.5% were screened in, meaning they received further involvement with the agency through an investigation or an alternative response.[8] About 17% of the little over half of cases, 600,000 children, were determined to be victims of abuse or neglect due to a substantiated or indicated finding, and 113,324 were placed into foster care.[9] Additionally, young children and children of color are disproportionately represented in the child welfare system.[10] See Figure 1 for more statistics and information on the child welfare system.

Figure 1. Child welfare statistics



Financing

The financing structure of the child welfare system is a critical driver of why it prioritizes out-of-home placements and, therefore, generates the outcomes it currently produces. Across the US, child welfare agencies' spending and financing sources vary. Each funding source has its own purposes, eligibility standards, and restrictions. Navigating these funding sources can be complex and challenging, affecting states' choices regarding the services they provide and how they operate.[11]

In fiscal year 2020, agencies across the US used a variety of funding sources totaling $31.4 billion.[12] Fifty-eight percent of all monies spent by child welfare agencies are state and local funds, and 42% are federal funds.[13] Forty-five percent of their expenditures were spent on out-of-home placements, while only 14% were allocated to prevention.[14]

There are multiple federal funding streams that support the child welfare system; some are specifically for child welfare activities, and others have broader purposes that some states have leveraged to fund child welfare activities. The first category primarily includes Title IV-E, IV-B of the Social Security Act, and the Child Abuse Prevention and Treatment Act (CAPTA). Funding streams that have broader purposes include the Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG), and Medicaid, among others.[15] Child welfare agencies utilize Title IV-E funding the most; it makes up 57% of all federal expenditures.[16] TANF trails at 19%, SSBG at 10%, Medicaid at 7%, and Title IV-B at 4%.[17]

Historically, child welfare agencies have been incentivized to support out-of-home placement due to the federal financial reimbursement model.[18] Under Title IV-E, before FFPSA, states, territories, and tribes were entitled to a federal reimbursement of the amount they spent on foster care, adoption assistance, and kinship guardianship assistance for eligible children based on the state's Federal Medical Assistance Percentage (FMAP).[19] The Secretary of Health and Human Service calculates and publishes the FMAPs every year. [20] This funding for foster care placement and related expenses like food, shelter, administrative costs, and training was uncapped.[21] It didn't provide funding for services to prevent child removal.[22] This dedicated, unlimited funding stream for foster care clearly incentivized agencies to place children in out-of-home care.[23]

Dedicated federal funding for child welfare activities outside of foster care, adoption assistance, and kinship guardianship was authorized by Title IV-B, separate sections of Title IV-E, CAPTA, and other federal sources. However, these funds were grossly outweighed by the Title IV-E funding for foster care. For example, from 2010 to 2020, Title IV-E expenditures went from $7.8 billion to $8.2 billion while expenditures for Title IV-B went from $652 million to $563 million.[24] Because Title IV-E funding for foster care was an uncapped reimbursement stream, it was a much more reliable source of funding than these other funding mechanisms, which were both smaller and required reauthorization or reappropriation. Therefore, these funding streams alone weren't sufficient to overcome the existing and ingrained incentives to prioritize out-of-home placements as the primary solution for maltreatment.

These financing policies also influenced which CBOs government agencies would partner with. Because of the strong financing incentives for out-of-home placement, governments traditionally partnered with CBOs offering these services. Therefore, CBOs were incentivized to provide these services, unless they had well-established funding streams for alternative, prevention-oriented services.

In 2018, Congress passed FFPSA.[25] It amended Title IV-E to authorize federal funding for evidence-based, in-home parent skills-based programs and substance abuse and mental health treatment services rated well-supported or supported by the Title IV-E Clearinghouse.[26] Now, states and eligible tribes with an approved prevention plan may seek Title IV-E reimbursement for prevention services provided to families with children at risk of entering foster care, or pregnant or parenting youth in foster care.[27] With the passing of FFPSA, Title IV-E funding is no longer predominantly focused on foster care placement. This new funding stream, although limited, allows states more flexibility when considering what services to offer children and families, and it spurs business model change. Specifically, this policy change creates an opportunity to 1) change government agency business models to enable more prevention within the system, 2) enable CBOs to alter their business models to provide preventive services, and 3) incentivize agencies to elect partnerships with CBOs already focusing on prevention.

Promoting well-being to improve outcomes

In our research we identified a number of government agencies and CBOs incorporating preventive approaches into their business models. Below are three brief examples of how leading entities are emphasizing DOH and/or Protective Factors as components of their delivery models to improve outcomes for children.[28]

Colorado Department of Human Services' Division of Child Welfare

The Colorado Department of Human Services' Division of Child Welfare is Colorado's child welfare agency. It provides resources and support to families with children at risk of out-of-home placement, and to those in need of services to reunify with their families after an out-of-home placement. The agency supports 10 types of preventive services, which counties can offer to families. Services include the following:

- educational programs for children; therapy for children and their families; home-based interventions (i.e., therapeutic services or crisis intervention services provided in the home);
- skill-building services on managing a household, accessing community resources, and parenting techniques;
- emergency financial assistance; and
- substance abuse treatment services.

These services target the Protective Factors, such as knowledge of parenting, parental resilience, and social connections. Colorado also offers emergency financial assistance that can be used for housing, food, etc.[29] In 2022, 99% of children who received secondary or tertiary prevention services remained in their homes.[30] Within one year of receiving these services, only 2% of children experienced an out-of-home placement.[31]

Better Together

Better Together (BT) is a CBO in Southwest Florida providing primarily secondary prevention services. It exists to provide struggling families a temporary home for their children and to help parents build a better life. To deliver on these value propositions, unpaid volunteers open their homes to struggling families' children for up to one year. At the same time, a network of volunteers and partners helps parents with their needs. These needs could include employment counseling, child care, treatment programs, budgeting, parenting support, peer support, etc. Participating in these services is completely voluntary. Parents can communicate, see, and reunify with their children on their timeline. While BT's efforts encompass many DOH, it particularly focuses on social connections by providing parents relational support to accomplish their goals and meet their needs.[32] From 2015 to 2022, BT served 7,132 children, and 98% of those served stayed with their families, out of foster care, and had no further involvement with Florida's Department of Children and Families (DCF).[33]

Firefly Children and Family Alliance

Firefly Children and Family Alliance (FCFA) is a CBO in Indiana. It uses the Protective Factors framework as the foundation for most of its home-based work, including in its secondary prevention program, Community Partners for Child Safety (CPCS). For example, if a family is housing insecure, a caseworker would work with the family to try to maintain housing (concrete support). Once housing stabilizes, the family could move on to another protective factor like social connections. To support this effort, FCFA workers could support the family to go to its parent social events.[34] Ninety-three percent of families that engage in FCFA's CPCS program, who are at risk of system involvement, don't get involved with Indiana's Department of Child Services.[35]

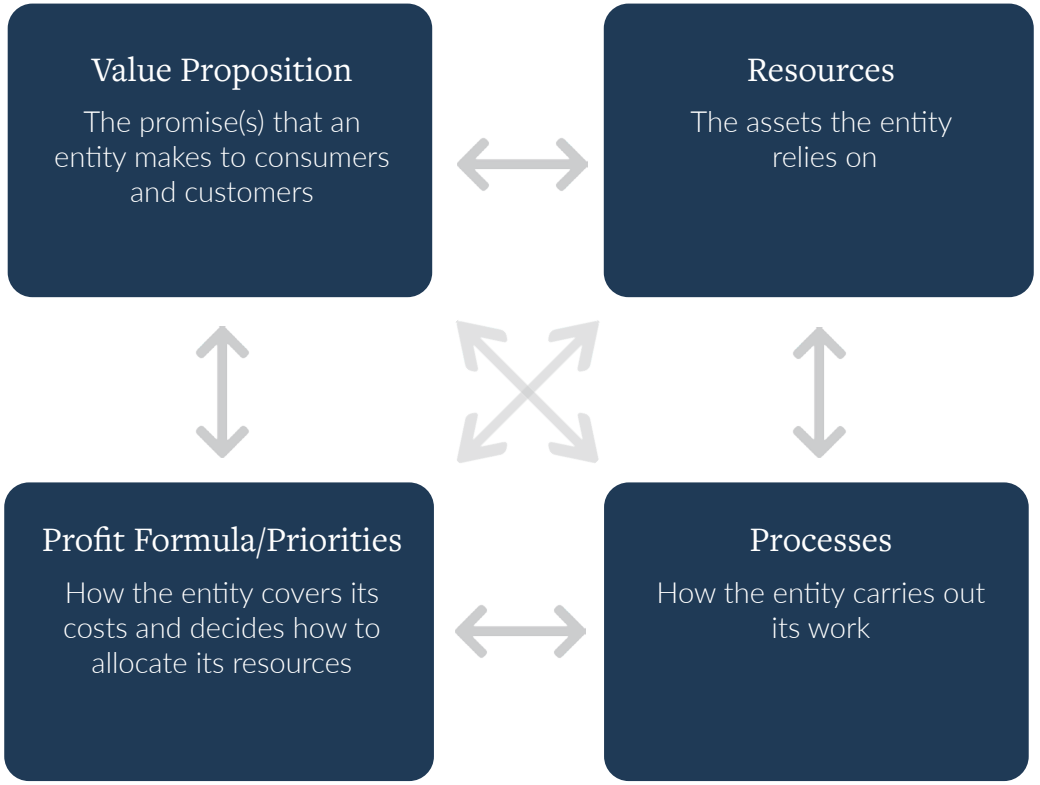
Part of what enables these organizations to succeed in promoting well-being is the structure of their business models. Let's dive into what a business model is, and why the concept is critical to industry change.

> Leading entities are emphasizing Drivers Of Health and/or Protective Factors as components of their delivery models to improve outcomes for children.

BUSINESS MODELS DETERMINE AN ORGANIZATION'S CAPABILITIES

To help us clearly visualize the concept of a business model, we can use the Christensen Institute's framework (see Figure 2). This framework defines a business model as four interlocking elements that, when taken together, create and deliver value: the value proposition, resources, processes, and profit formula/priorities.

Figure 2. The four components of a business model



Business models determine an organization's capabilities (what it can and can't do) and its priorities (what it must accomplish). This, in turn, defines which changes it can and will pursue.

Therefore, to deliver new services, it's critical to understand the entirety of one's business model. In this case, those new services would be preventive in nature. Even though FFPSA is now an available funding source for some prevention activities, government agencies and CBOs can't harness FFPSA or other funding streams like TANF that can fund prevention to their full potential due to entities' current, well-established business model structures. As a result, they must alter their business models in a way that allows them to deliver, or support the delivery of, prevention services. Below, we detail why this is and what it might look like to alter their business models to provide these services to families.

How business models solidify

The first component of the business model is the **value proposition(s)** a company offers to its customers. These are the promises an organization makes to fulfill customer needs or goals. Most businesses have multiple value propositions delivered to customers as products or services.

Resources are required to deliver value propositions. These are assets—people, technology, products, facilities, equipment, brands, and cash—that can be both tangible and intangible.

Processes are the habitual ways of working together that emerge as people address repeated tasks successfully. Some processes are explicitly stated and followed. Others are unstated and executed as part of the unspoken culture. Examples include training, budgeting, planning, etc.

To cover costs associated with the resources and processes needed to deliver on the value propositions, and establish a margin to promote sustainability, organizations create a **profit formula**. This defines how the entity, including a nonprofit organization, maintains viability and sustainability to support its cost structure over time. To support its profit formula, organizations establish **priorities** that encompass policies, rules, and culture to guide investment decisions about how to use resources and processes to deliver the value proposition(s).

In an organization's early days, all business model components are flexible. To survive infancy, organizations pivot their value proposition(s) and adjust their resources and processes until they identify how to bring in the funding they need. Once this is determined, business model components become increasingly interdependent and resistant to change, especially in successful organizations. The ways the four components reinforce one another makes the business model highly interconnected and more challenging to alter the longer it exists.

This happens because when resources and processes meet a need or solve a problem, they get replicated, repeated, improved, and standardized. A mature organization can only successfully deliver value propositions that fit its business model components. As a result, the components become interdependent, creating a durable set of capabilities and priorities.

Government agencies and CBOs can't harness FFPSA or other funding streams like TANF that can fund prevention to their full potential due to entities' current, well-established business model structures.

If a proposed change creates friction with established capabilities or threatens the existing profit formula, it won't gain internal traction. As models solidify and strengthen over time, employees become stakeholders with vested interests in supporting how the organization works. If a change threatens the established way of doing things, stakeholders will resist the change and uphold the status quo. This occurs because every resource and process in a settled, successful organization exists to solve a problem for the organization and to support delivering the established value propositions. Stakeholders resist change that threatens the established model as long as the purpose for which the model was created still exists.

With this framework as a foundation, let's compare the business models of traditional government agencies and CBOs with those of prevention-enabling government agencies and prevention-oriented CBOs.

How traditional business models differ from prevention-enabling and -oriented models

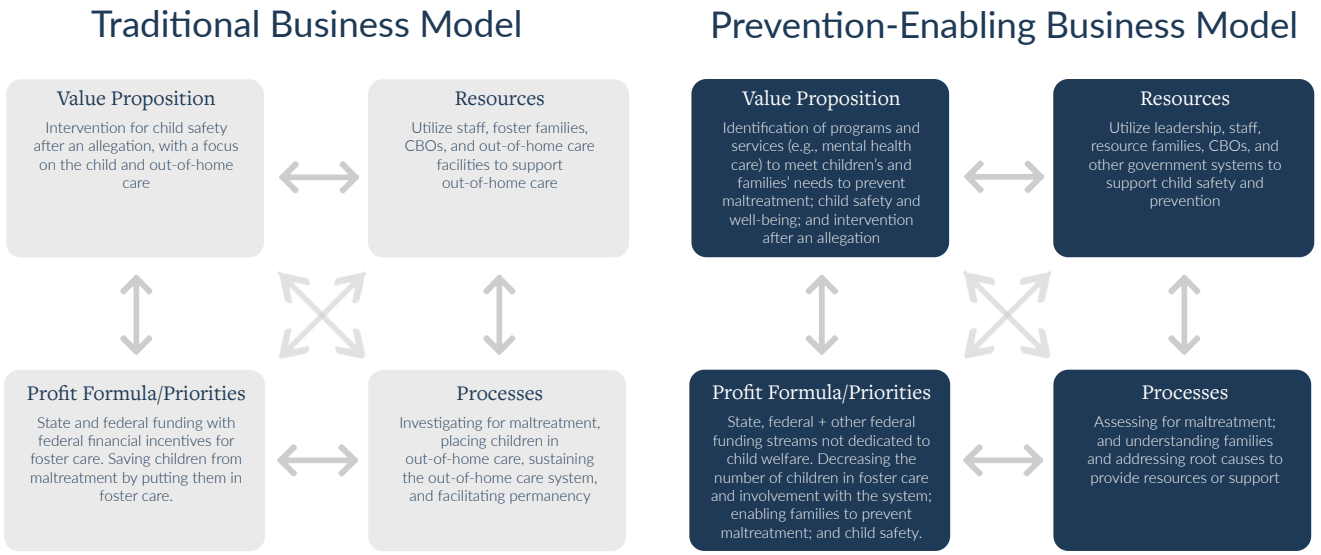
In this report, we refer to government agencies incorporating prevention into their business models as prevention-enabling government agencies. Similarly, we refer to CBOs incorporating or delivering prevention services as prevention-oriented CBOs. The differentiation in naming is the result of their differing roles regarding prevention.

At a macro level, the government must address multiple levels of prevention, and the further upstream services are toward primary prevention, the more interfaces are required between various government entities. No single government agency can take full responsibility for a societal priority such as child well-being. Instead, such a priority relies on collective efforts and partnerships across various industries and agencies, including health care, early childhood, housing, and more.

While child welfare government agencies can enable prevention, they must still play a role in addressing instances of child harm. Therefore, child welfare agencies will always need to provide some level of intervention services and seek partnerships with more prevention-focused entities to serve the breadth of children's and families' preventive needs.[36]

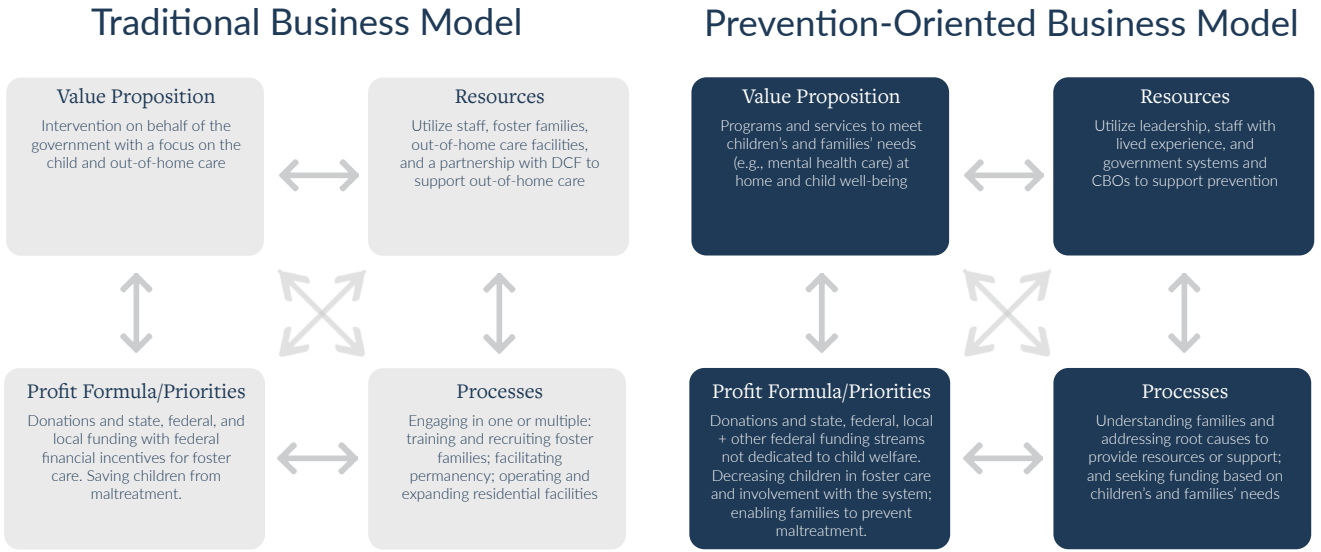
Whereas governments must have a dual focus, CBOs are able to focus solely on offering prevention services. Some CBOs that have traditionally focused on child welfare may be able to change their business models to incorporate prevention services, while in other cases, agencies may need to seek new CBO partners with prevention-oriented business models already in place. Creating well-being is a collective effort. Its positive benefits can only be realized with a system of collaborative, enabling business models in place.

Figure 3. Traditional vs. prevention-enabling government agency business models



Note: This business model framework is a thematic representation of the types of business models in the child welfare system. Government agencies' business models vary and not all business models are identical.

Figure 4. Traditional vs. prevention-oriented CBO business models



Note: This business model framework is a thematic representation of the types of business models in the child welfare system. CBOs' business models vary and not all business models are identical.

As highlighted in Figure 3, traditional government agencies' value proposition is focused on child safety, and they primarily intervene after receiving an allegation of abuse or neglect. These agencies are legally obligated to respond and are mandated to provide certain services and protections to ensure the child's safety and to address harm and trauma. Prevention services, while offered by some agencies, have historically been a lower priority. Upon receiving an allegation of abuse or neglect, government agencies may investigate and remove a child from their home to place them in out-of-home care. The child is their priority, not the family as a whole. Some agencies partner with CBOs to carry out an array of related processes including, for example, facilitating out-of-home placements.

In terms of resources, traditional government agencies rely on their staff, partnerships with CBOs, foster families, technical assistance organizations relating to foster care, and out-of-home care facilities. Traditional agencies also reactively collaborate with other governmental agencies, in that they collaborate out of necessity rather than to proactively prevent system involvement. Similarly, traditional CBO models rely on their own staff, volunteers, and partnerships with a government agency and, depending on the CBO, foster families, out-of-home facilities, and other child- and family-serving entities.

Both traditional government agencies and CBOs employ a reactive approach prior to intervention or offering services, effectively waiting for an allegation of abuse or neglect to occur. If an allegation is substantiated, the government agency is incentivized to place children in out-of-home care due to federal financial incentives and established success measures around child safety. To support this approach, government agencies and the CBOs they contract with must continually train and recruit foster families. They are also focused on establishing more out-of-home placements like residential facilities and facilitating permanency options like adoption because that is what their business models support.

Both traditional government agencies and CBOs employ a reactive approach prior to intervention or offering services, effectively waiting for an allegation of abuse or neglect to occur.

Qualified Residential Treatment Programs: When policy change and established business models collide

Policy change can be a key enabler for system-level change, and FFPSA creates this opportunity for child welfare. However, policy change alone isn't sufficient to shift outcomes. It must be accompanied by business model change. Therefore, policy change is a catalyst, but not a forcing function, for large-scale improvements. Without new business models, or business model adaptation, transformation can't occur and outcomes won't shift. This is well-demonstrated by the FFPSA's establishment of Qualified Residential Treatment Programs (QRTP) and the issues created by these more stringent requirements for congregate care.

In addition to supporting prevention, a key component of FFPSA is that it shifts the placement continuum—encouraging placement of children in family-like settings and reducing placements in residential facilities. It also incentivizes enhancing the quality of residential treatment for situations where treatment is truly required. Additionally, it caps Title IV-E foster care maintenance payments to congregate care facilities at 14 days unless the child is placed into one of four types of congregate care. QRTPs are one of these types of facilities, and they are characterized as short-term, trauma-informed, and court-reviewed facilities that must meet certain requirements.

The changes under FFPSA made it difficult for congregate care facilities to operate the way they had in the past while still receiving established forms of government funding. Specifically, of the various types of congregate care facilities, QRTPs are most likely to draw scrutiny for potential violation to Medicaid's Institutions for Mental Disease (IMD) exclusion. Under the exclusion, the federal government prohibits Medicaid reimbursement for services for individuals under the age of 65 who are in an institution with more than 16 beds, if the institution is primarily engaged in diagnosing and treating individuals with mental disease. With the passing of FFPSA, providers that met this definition became ineligible for Medicaid funding, which hampered their ability to secure revenue through reliable and established channels. As a result, hundreds of residential providers pushed back and even made policy attempts for QRTPs to be exempt from IMD classification and to reconsider the 16-bed limit.

Generally, congregate care programs leverage Title IV-E funding to pay for room and board and Medicaid funding to pay for health and behavioral care. Due to the IMD exclusion, some providers have had to reduce their capacity below the 16-bed limit, which has caused providers to go out of business or stop providing treatment services. The result is further limited capacity in a strained system, which was not the original intent. For example, many children don't have safe places to sleep. Some children have spent weeks or months sleeping in office buildings, while others were sent to hospitals, hotels, shelters, or out-of-state facilities.

Since incumbent residential providers often had well-established business models, their revenue models were dependent on providing services that differed from those required for QRTP reimbursement. Therefore, it was extremely difficult for them to rapidly shift their well-established business model that was reliant on how they operated prior to FFPSA. In many cases, this would have required significant workforce training or hiring, reassessment of revenue models, and more. As a result, some facilities were not able to meet the new requirements and had to stop providing residential placement services. The complexity of such changes is compounded by the variety of congregate care models across the country, meaning that the required workforce shifts and business model changes needed to meet new requirements are not one-size-fits-all. On top of this complexity, the environment was further complicated by the unrest of the COVID-19 pandemic.

In essence, the QRTP example highlights how policy change is necessary but not sufficient for industry transformation. While FFPSA created QRTPs and incentivized limiting residential placements, the additional process of altering business models is required to shift outcomes. Legislation can't instantly transform industry outcomes, even when states are given some time and resources, as they were in this case. This is due to the amount of time it takes for business model change to occur, and a lack of awareness around what to change in one's business model and how to do it. Additionally, investments in and collaborations across more industries and social sectors—such as public health, housing, health care, etc.—are also required for sustained improvement in something as complex as well-being outcomes.

Sources: Administration for Children and Families (ACF), American Enterprise Institute (AEI), Child Welfare League of America (CWLA), FamilyFirstAct.org, Medicaid and CHIP Payment and Access Commission (MACPAC), and National Association for Children's Behavioral Health (NACBH).

Note: For more detailed information on the issues associated with QRTPs, see Sean Hughes, et al., "Why Foster Children Are Sleeping in Offices and What We Can Do About It," American Enterprise Institute, April 4, 2023, https://www.aei.org/wp-content/uploads/2023/04/Why-Foster-Children-Are-Sleeping-in-Offices-and-What-We-Can-Do-About-It.pdf; and Sean Hughes and Naomi Schaefer Riley, "Five Years On, the Family First Act Has Failed in its Aims," The Hill, April 18, 2021, https://thehill.com/opinion/civil-rights/3951473-five-years-on-the-family-first-act-has-failed-in-its-aims/.

INNOVATORS IN ACTION

In contrast to traditional approaches to child welfare, we studied a wide range of CBOs and government agencies to identify leaders in the field (see Figure 5). Our research revealed a number of innovators breaking free from traditional, reactive business models and building new models focused on prevention of poor outcomes and improving child well-being.

Figure 5. A sample of innovative child welfare government agencies and CBOs

To understand the approaches organizations and government agencies are taking to address child abuse and neglect, and child well-being, we did an initial scan of 95 organizations and government agencies. They included CBOs, health and hospital systems, and government agencies.

We then spoke to individuals impacted by the system. We also spoke to 14 CBOs and government agencies. We targeted CBOs and government agencies with 1) a reputation as prevention-enabling or -oriented entities, or 2) published successes with prevention work to reduce the number of children in foster care. We then performed a qualitative analysis of the interviews and secondary research to identify business model trends and themes, which were vetted with industry experts.

Below, we present two of many promising case studies that surfaced from our research. In addition to the brief cases shared above, these case studies highlight how prevention-enabling and prevention-oriented business models contrast with the traditional business models operating in the industry today.

Indiana Department of Child Services

Indiana Department of Child Services (IN DCS) is an example of a prevention-enabling government agency. With the support of prevention-focused leaders, a new per diem payment structure, and evidence-based programs, it achieved a 50.2% reduction in out-of-home placements between 2017 and 2023.[37] Below, we address how its business model structure helped it accomplish this feat.

In 2017, Indiana had more children in foster care than all but three other states. At the time, the state paid providers through fee-for-service contracts. To get paid, providers (i.e., those providing services to families) had to work with the family face to face. They would go to families' homes, and if families were not there or engaging in services, the provider would request a referral to a new family because their expenses outweighed their revenues. It wasn't uncommon for families to miss appointments as many didn't want to engage with child welfare services. But if a provider wasn't able to deliver services, a judge would order out-of-home placement for the child(ren). Also, families were engaging with multiple providers for different services. This made it difficult to know which providers and services led to good outcomes. Additionally, the providers were doing more eclectic work, rather than using evidence-based programs.

Then, in 2018, Terry Stigdon joined the IN DCS as its Director. Stigdon and her successor, Eric Miller, supported incorporating prevention into Indiana's suite of child welfare services. This shift enabled David Reed, the deputy director of Child Welfare Services, to create the Indiana Family Preservation Services (INPS). In 2020, IN DCS launched INPS for every county in the state, contributing to a reduction in out-of-home placements. INPS provides per diem-based reimbursements instead of fee-for-service contracts. This intervention is used in cases where maltreatment is substantiated, but the IN DCS decides the family needs supportive services rather than child removal. In these cases, IN DCS refers families to a contracted provider with whom they partner to receive the services.

Indiana Department of Child Services is an example of how prevention-enabling leadership, creative thinking, and new payment models are critical components of business models that can enhance child and family well-being.

A truly differentiating factor of IN DCS's business model is its per diem reimbursement model for providers. All providers get paid a daily flat rate for attempting and continuing to interact with a family, instead of only getting paid for services rendered to a family. Since providers are paid a flat rate, there is no need for multiple providers to work with one family. The provider is able to choose an evidence-based program from the California Clearinghouse that has demonstrated a "promising" level of evidence or higher to use based on what the family needs. With a per diem payment structure, providers are incentivized to engage families, think creatively about working with them, evaluate their needs, plan ahead, and not give up. Also, providers must use the Protective Factors Survey during service delivery to effectively address and plan for families' needs.[38]

Another influential piece of the INPS, and a key business model resource enabling providers to support families, is the provision of concrete support. If a family needs support to prevent child removal and the provider can't find a resource to address the concrete need, the provider writes a check to the family to help them obtain the support. For example, if a family doesn't have money to keep their electricity on, the provider tries to help find a way for them to pay for it. If they are unable to do so through a charitable organization, public assistance, etc., then the provider organization writes the family a check.

The reimbursement structure benefits families, IN DCS, and providers. Families are provided with more individualized services based on their specific needs. IN DCS can predict their spending, more accurately track providers' outcomes, and determine whether they want to continue sending families to particular providers. The payment structure incentivizes providers to work with families to achieve outcomes, or they won't be utilized in the future. Lastly, it provides a predictable revenue stream for providers. This program is predominantly state-funded, but approximately 38% of the funding is from Title IV-E federal funds when providers select programs appropriately rated from the Title IV-E Clearinghouse.[39]

IN DCS serves as an example of how prevention-enabling leadership, creative thinking, and new payment models are critical components of business models that can enhance child and family well-being.[40]

Youth Villages

Youth Villages (YV) is an example of a prevention-oriented CBO. Its shift to prevention was led by research, data, and an unwavering focus on the needs of children and families.

Before YV was the CBO it is today, it was a residential program serving 25 children. Now, YV predominantly focuses on preventing youth from being removed from their families, and it serves almost 40,000 children each year.[41] It still provides and facilitates out-of-home placements, but this is a small percentage of its work; therefore, it provides secondary and tertiary prevention.

Jessica Foster, YV's chief strategy officer, described its shift to a prevention-oriented organization as an evolution. After collecting data on children exiting YV residential programs, leadership realized the children weren't doing well after they left. YV concluded that it didn't make sense to treat children in a facility and then expect them to go back to the place they came from without support. YV shifted toward working with families in the community and created its model, Intercept, to support its efforts.[42]

Intercept is an evidence-based intensive program for children and families to safely prevent children from entering out-of-home care. It also reunifies children with their families after they have been placed in out-of-home care. A specialist works with both the child and family in the home or community to address their struggles. This includes teaching parenting skills, providing job support, developing support networks, providing funds for basic needs or unexpected expenses, and more.[43] According to a 2021 study, Intercept reduced the likelihood of out-of-home placement by 37%. The Title IV-E Clearinghouse has rated it a well-supported program.[44]

A key differentiator enabling YV's success are the processes it put in place to deliver on its value proposition of supporting families and enhancing child well-being. For example, YV trains staff in an array of clinical and therapeutic interventions, and takes an individualized approach to each case. Family members and children set their goals, not staff, and staff are held accountable for helping the families make progress. They help children and families make progress on unique goals related to their aspirations.

YV's braided funding structure (a mix of different funding sources) is also critical to its ability to deliver its value proposition to children and families. While government contracts are the predominant funding source, philanthropy is also key to the organization's success.[45] About 15% of its budget comes from private funders, which enables YV to invest in its research, communication, and policy teams.[46] Several of YV's current programs, including Intercept, were originally funded by philanthropic dollars, allowing YV to address an unmet need. Once YV demonstrates the impact of a new program, it secures various government funding streams to pay for it.[47]

Donations from philanthropists and in-kind services; YV's dedicated, passionate staff; and unwavering focus on child and family needs enable the organization to achieve its positive outcomes.[48] Using philanthropy as a bridge-funding mechanism has been shown to work in other industries such as health care, where many organizations are also pursuing pathways to focus more on prevention.[49]

PRIORITIZING WELL-BEING REQUIRES ALTERING BUSINESS MODELS

An old business model can't deliver on a new value proposition. Applied to child welfare, that means leaders can't prioritize prevention services with a business model built to prioritize foster care placement. And despite the availability of prevention-focused funding, the industry hasn't seen a sizable shift in child well-being outcomes. This is due, in part, to ingrained and unsupportive business models that can't turn on a dime.

So, how might leaders transform their businesses? Much can be learned from the approaches highlighted in this report, and specifically, how these businesses are organized to provide preventive services to impact child well-being.

While there are similarities and themes across prevention-enabling or prevention-oriented entities, we aren't suggesting there's one perfect model all entities ***should*** employ, or that current prevention-enabling or -oriented entities do employ. Business models are not one-size-fits-all. Specific business model capabilities will differ for organizations that offer secondary prevention services, versus those that offer secondary and tertiary services, or those that offer just tertiary ones. Yet, as leaders move their businesses upstream to embrace the child well-being-focused approaches of the future, they should consider building models that incorporate the components outlined on the right-hand sides of Figures 3 and 4 on page 13.

There is a critical strategic assessment that organizations must go through prior to business model change, and there are a variety of essential questions leaders must ask as part of this process (e.g., "Who is our target population?," "What are their primary needs?," "How will we partner to deliver services?," etc.). Depending on the value proposition(s) they choose to prioritize, they'll need to assess the resources and processes (i.e., capabilities) they need to have in place and the partnerships required for a new business model approach. It's especially critical in this situation given the impact on children and families.

Value network: An enabling environment is required for business model change

Before diving into critical business models components, it's important to note that a business model doesn't exist in the ether of a sector. While business models determine an organization's capabilities and its priorities, it's critical to understand that a value network—the context of individuals, other organizations, institutions, and regulations it interfaces with to establish and maintain its model—determines the resources an organization has access to, the rules it must follow, and the permissions it needs in order to operate. It also includes external entities that possess varying degrees of power to shape the organization's priorities through resource dependence, regulation, and democratic governance.

For business model change to be effective, the value network must be an enabling force. For instance, for child well-being business models to effectively incorporate prevention services, the value network or environment that a CBO or government agency operates within must enable it to do so with supportive regulations, partners, collaborative efforts across various governmental entities, and more.

Value proposition: Enable children and families to achieve well-being

The key value proposition insight that emerged from our research was that government agencies and CBOs must enable or focus on meeting children's and families' needs for resources or support that prevent abuse and neglect, and promote child well-being. However, this is not the approach government child welfare agencies and CBOs have historically been able to take.

Prevention-enabling government agencies and prevention-oriented CBOs want to prevent families from becoming involved in the child welfare system, or if they are already involved, they want to stop further involvement.

To do so, government agencies are identifying programs and services that meet children's and families' needs, like mental health care, substance abuse programs, and housing and employment support. They're also providing services in the home rather than removing the child and having the child and family seek help separately. They're still focused on child safety and intervening after abuse and neglect have occurred, but they're also moving upstream to provide services—or partner with CBOs to provide services—that eliminate unnecessary family separation.

Most prevention-oriented CBOs we spoke to don't offer out-of-home care placement, or they're shifting their service offerings away from out-of-home care placement and toward prevention services. This results, in part, from a new funding stream, FFPSA, which incentivizes governments to shift their business models to embrace prevention, and thus incentivizes CBOs to do the same, so that they're attractive partners to government agencies.

In addition to speaking with organizational leaders, we interviewed individuals impacted by the child welfare system to learn about their experiences. This included birth parents, foster and kinship parents, and individuals who were previously in foster care and subjected to abuse. When we asked the individuals what they would have wanted or what they still needed from the system, they expressed that they needed support to work through their issues, and that they desired an avenue to express their feelings. Their wants included therapy, a parent support partner or mentor to go to court with them, and/or parenting resources to help them set boundaries and discipline their child(ren). They needed housing, child care, economic support, and ways to connect with other people. These interviews emphasized that families need support from a trusted partner. Prevention-enabling government agencies and prevention-oriented CBOs are providing this support and striving to become trusted partners.

Resources: Leadership and partnerships are key

Prevention-enabling government agencies and prevention-oriented CBOs are expanding their networks and spheres of influence by reaching out to different people, organizations, and government systems to support children and families.

Prevention-enabling government agencies are led by change-making commissioners or deputy commissioners who are passionate about prevention. These agencies aren't primarily relying on foster families as the key resources in their models, but also on birth parents and other relatives.

Prevention-enabling agencies aren't operating in silos; they're partnering with CBOs regarding prevention and intervention *and* with different government systems like early childhood, housing, public health, and juvenile justice.

Prevention-enabling agencies are not operating in silos; they are partnering with CBOs regarding prevention and intervention ***and*** with different government systems like early childhood, housing, public health, and juvenile justice. They are also enlisting the help of research and advocacy organizations to provide technical assistance related to prevention (e.g., the Government Performance Lab, Chapin Hall, and the Center for the Study of Social Policy). To do their work effectively, they are harnessing the power of a partnership ecosystem.

Prevention-oriented CBOs are led by executives and boards that either have long supported prevention, newly support the incorporation of prevention, or are leading the incorporation of prevention. Without this support from the top, prevention efforts can't succeed. Prevention-oriented CBOs are also partnering with other organizations and government systems such as churches, food distribution organizations, recreation centers, housing authorities, and hospitals. They're actively looking to connect with these institutions to partner on projects and initiatives, refer families, or supplement their offerings. As child well-being is multifaceted, it takes different systems working together to improve it effectively.

Lastly, prevention-oriented CBOs prioritize engaging employees with lived experiences akin to those of their clients. This looks like volunteers and employees of the same ethnicities as the communities they are serving, those who live in the same neighborhoods, and those with lived experience with the child welfare system. There is stigma around asking for help. Having volunteers and employees from the community that families know, have seen before in other contexts, or even relate to in some way, creates a more comforting and trusting environment for families to ask for and receive help.

Processes: Understand families and address root causes

Prevention-enabling governments and prevention-oriented CBOs are addressing DOH and Protective Factors to identify the programs and services that families need to thrive. This includes providing or funding helplines that direct families to resources such as healthy food, parent education programs, early education programs, child care, support groups, crisis support services, and even events for families to have fun and meet one another. They also aid families in finding employment, budgeting, enrolling in public assistance, and more. These programs and services help families establish a strong foundation in order to reduce the likelihood of neglect and abuse.

Prevention-enabling government agencies use a collective process to develop ideas, create programs, and deploy strategies, rather than believing that the government or its leaders know best. This process includes co-designing with and listening to youth, families, and the community, and seeking employee and provider input.

Prevention-oriented CBOs are employing a nimble approach. They are testing new family-focused programs and the concept of "failing fast," which many startups employ.[50] They are reducing administrative burden to make it easier for families to get the help they need. Prevention-oriented CBOs treat families with respect and value their opinions as key inputs to their service offerings. As a result, their funding model is influenced by families' needs, as opposed to only reflecting publicly available funding and government agencies' wants. For example, innovators dedicate resources—and have established processes—to discover what families need or what gaps exist in their services. They then look for funders or funding that aligns with what they've learned is required to support families.

Profit formula/priorities: You are what funds you

We asked CBOs and government agencies what enables and/or impedes their ability to deliver on their value propositions. Not surprisingly, CBOs and government agencies stressed the importance of funding; with funding comes freedom, influence—or restrictions. It can make or break a program, initiative, or organization.

The child welfare system has a braided funding model including federal, state, and local funding, plus both in-kind and monetary donations. Prevention-enabling government agencies are creatively leveraging other funding sources that are not dedicated child welfare funding sources, such as Medicaid; The Maternal, Infant, and Early Childhood Home Visiting program (MIECHV); SSBG; and TANF. Several of the prevention-enabling government agencies and prevention-oriented organizations we interviewed are predominantly funded by state funds. This highlights how a state's support of prevention and subsequent funding for it creates a foundation for a child well-being business model to succeed.

All of the CBOs we interviewed rely on private donations or philanthropy to support their business models. If a CBO wants to move toward prevention, it may want to consider seeking private donations and philanthropy to fund its prevention efforts. For instance, Better Together (BT) is wholly funded by private donations and grants. Megan Rose, Better Together's CEO, expressed that being privately funded enables families to trust BT; there is less fear of losing their children because the state isn't involved. Also, families are more willing to engage with BT because it is an opt-in model versus the forced participation model of traditional child welfare.[51] This approach highlights the importance of CBOs as the primary entity delivering prevention services to families. They have a greater ability to garner trust with families, which will enable them to better aid families. The government has the power to separate families, as well as a reputation for having historically done so. Its role in prevention is more suited to funding and support.

Given all of this, CBOs should consider how they interact with government agencies and potentially advertise that relationship. Also, government agencies may want to consider providing funds to CBOs with more of a hands-off approach.

When it comes to priorities, the industry doesn't have agreed-upon measures of success for prevention. However, our interviews uncovered that innovators are measuring leading indicators of effective prevention. For example, many look at child and family outcomes, like whether the number of children in foster care is decreasing. They also count families not entering, reentering, or getting more involved in the child welfare system. Additionally, they measure success by seeking families' feedback on their satisfaction with the support provided, and if their personal quality of life is improving. For a business model to consistently deliver on a prevention-enabling or -oriented value proposition, it must have priorities in place that incentivize its delivery and continued investment in prevention.

Innovators are also prioritizing industry change. Government agencies do so by prioritizing new mechanisms that support child well-being. For example, some agencies, like Connecticut's Department of Children and Families, are prioritizing antiracist mindsets through implicit bias training for staff and contracted providers, or evaluating their policies to see if they are written in a way that discriminates against certain populations.[52] Others are performing asset-based community development, which includes an assessment of a community's gifts and assets, like the Children's Services Council of Broward County, Florida.[53] They're also investing money and resources to strengthen the social fabric of the community and create more opportunities for families to build relationships. CBOs are working to change the industry, too. For example, Youth Villages created New Allies, a technical assistance and capacity-building initiative to help public child welfare agencies that want to improve outcomes for children and families.[54]

Business model change is a journey, and this set of business model characteristics offers guidance for leaders to consider as they craft their plans for the future. Establishing new business models that incorporate these components represents a critical step toward a thriving future—both for organizations and the children and families they serve.

Regarding priorities, the industry doesn't have agreed-upon measures of success for prevention. However, our interviews uncovered that innovators are measuring leading indicators of effective prevention.

CONCLUSION

The child welfare system is slowly shifting upstream, moving from a reactionary model that emphasizes out-of-home placement, to a proactive one that incorporates prevention of maltreatment and system involvement.

Today's prevention-oriented CBOs and prevention-enabling government agencies are leading the way, breaking away from this reactive system and shifting their business models to embrace a proactive approach. New funding is a key enabler to their success, but alone, it's not enough. Business model change—including the value proposition, resources, processes, profit formula, and priorities—is required for long-term success in promoting child well-being. Without it, we will continue to see incremental changes without lasting impact.

The business model compass provided in this paper is a key starting point for leaders, and future research questions can enhance its impact:

1. How can leaders transform their business models to mirror prevention-enabling or -oriented business models?
2. What environment or value network is required to have a prevention-enabling or -oriented system that promotes total well-being, as opposed to just prevention of poor outcomes?

It's hard to argue with the fact that promoting child well-being is a formidable vision. The question is whether government agencies and CBOs will execute the required change to make this vision our national reality. We believe they can, and hope these business model insights are a critical component of their ultimate success.

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NOTES

1. See Kristina Rosinsky, Megan Fischer, and Maggie Haas, "Child Welfare Financing SFY 2020: A survey of federal, state, and local expenditures," Child Trends, May 2023, https://cms.childtrends.org/wp-content/uploads/2023/04/ChildWelfareFinancingReport_ChildTrends_May2023.pdf, 3.

2. Our definition of prevention is adapted from definitions published by the U.S. Department of Health and Human Services' Children's Bureau. See Child Welfare Information Gateway (CWIG), "Child Maltreatment Prevention: Past, Present, and Future," U.S. Department of Health and Human Services, Administration for Children and Families, Children's Bureau, 2017, https://cwig-prod-prod-drupal-s3fs-us-east-1.s3.amazonaws.com/public/documents/cm_prevention.pdf?VersionId=uN5VvXkBxvJSV.EPlxbbZw_SVHlqyTga, 6–7; and Capacity Building Center for States (CBCS), "Working Across the Prevention Continuum to Strengthen Families," U.S. Department of Health and Human Services, Administration for Children and Families, Children's Bureau, 2021, https://capacity.childwelfare.gov/sites/default/files/media_pdf/prevention-continuum-strengthen-families-cp-20119.pdf, 1–2.

3. See CWIG, "Child Maltreatment Prevention," and CBCS, "Working Across the Prevention Continuum."

4. "Preliminary Estimates for FY 2021 as of June 28, 2022," The AFCARS Report, U.S. Department of Health and Human Services, Administration for Children and Families, Children's Bureau, 2022, https://www.acf.hhs.gov/sites/default/files/documents/cb/afcars-report-29.pdf.

5. The federal definition for neglect under the Child Abuse Prevention and Treatment Act (CAPTA) is: "Any recent act or failure to act on the part of a parent or caretaker which results in death, serious physical or emotional harm, sexual abuse or exploitation" or "An act or failure to act which presents an imminent risk of serious harm." States have varying definitions for neglect that differ from this definition. Neglect is often defined "as the failure of a parent or other person with responsibility for the child to provide needed food, clothing, shelter, medical care, or supervision to the degree that the child's health, safety, and well-being are threatened with harm." See "Child Abuse and Neglect Definition" (web page), U.S. Department of Health and Human Services, May 9, 2023, https://www.hhs.gov/answers/programs-for-families-and-children/what-is-child-abuse/index.html; and Sarah Catherine Williams, Reva Dalela, and Sharon Vandivere, "In Defining Maltreatment, Nearly Half of States Do Not Specifically Exempt Families' Financial Inability to Provide," Child Trends, February 23, 2022, https://www.childtrends.org/blog/in-defining-maltreatment-nearly-half-of-states-do-not-specifically-exempt-families-financial-inability-to-provide.

6. See Henry T. Puls, et al., "State Spending on Public Benefit Programs and Child Maltreatment," Pediatrics 148, no. 5 (2021), https://publications.aap.org/pediatrics/article/148/5/e2021050685/181348/State-Spending-on-Public-Benefit-Programs-and?autologincheck=redirected.

7. "Child Maltreatment 2021," Children's Bureau of the U.S. Department of Health and Human Services, 2023, https://www.acf.hhs.gov/sites/default/files/documents/cb/cm2021.pdf, xiv.

8. "Child Maltreatment 2021," xiv.

9. "Child Maltreatment 2021," xiv, 20, 88.

10. "Child Maltreatment 2021," 21.

11. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 1.

12. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 11.

13. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 13.

14. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 3.

15. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 15; and Ron Haskins, "Child Welfare Financing: What Do We Fund, How, and What Could Be Improved?," The ANNALS of the American Academy of Political and Social Science 692, no. 1 (2020), 50–52.

16. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 16.

17. This percentage refers only to federal dollars received as a reimbursement for costs borne by the child welfare agency or that the agency paid the nonfederal match. It doesn't include Medicaid funds for costs borne by other agencies for services pertaining to children in foster

care if the child welfare agency didn't pay the nonfederal match. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 16.

18. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 21.

19. "Child Welfare: State Plan Requirements under the Title IV-E Foster Care, Adoption Assistance, and Kinship Guardianship Assistance Program," Congressional Research Service, November 17, 2014, https://crsreports.congress.gov/product/pdf/R/R42794, 1; Kristina Rosinsky and Sarah Catherine Williams, "Child Welfare Financing SFY 2016," Child Trends, December 2018, https://cms.childtrends.org/wp-content/uploads/2018/12/CWFSReportSFY2016_ChildTrends_December2018.pdf, 15.

20. For Fiscal Year 2018, state FMAPs ranged from 50% to 75.65%. See Department of Health and Human Services, "Federal Financial Participation in State Assistance Expenditures," 81 Fed. Reg. 220 (October 1, 2017), https://www.federalregister.gov/documents/2016/11/15/2016-27424/federal-financial-participation-in-state-assistance-expenditures-federal-matching-shares-for.

21. Rosinsky and Williams, "Child Welfare Financing SFY 2016," 15.

22. "Federal Foster Care Financing: How and Why the Current Funding Structure Fails to Meet the Needs of the Child Welfare Field," U.S. Department of Health and Human Services, July 31, 2005, https://aspe.hhs.gov/reports/federal-foster-care-financing-how-why-current-funding-structure-fails-meet-needs-child-welfare-field-0.

23. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 21.

24. Rosinsky, Fischer, and Haas, "Child Welfare Financing SFY 2020," 18, 37. Similarly, CAPTA funding has been lower than Title IV-E spending. From 2012 to 2016 it has gone from $93 million to $98 million. Emilie Stoltzfus, "Child Welfare: An Overview of Federal Programs and Their Current Funding," Congressional Research Service, January 10, 2017, https://sgp.fas.org/crs/misc/R43458.pdf, 30.

25. "Family First Prevention Services Act (FFPSA)," Congressional Research Service, updated February 9, 2018, https://crsreports.congress.gov/product/pdf/IN/IN10858.

26. Parent skill–based programs and services are psychological, educational, or behavioral interventions or treatments. Parents can be provided these interventions face-to-face, on the phone, or online (see Sandra Jo Wilson, et al., Title IV-E Prevention Services Clearinghouse Handbook of Standards and Procedures, version 1.0, OPRE Report #2019-56, U.S. Department of Health and Human Services, April 2019, https://preventionservices.acf.hhs.gov/sites/default/files/2023-11/psc_handbook_v1_final_508_compliant.pdf, 3–4; and "Child Welfare: Purposes, Federal Programs, and Funding," Congressional Research Service, updated September 30, 2022, https://crsreports.congress.gov/product/pdf/IF/IF10590/28). For example, one of the in-home parent skill–based programs is Functional Family Therapy, a short-term program for at-risk youth and their families. Therapists meet weekly with families working on developing positive relationships with the family, identify the needs of the family, and support the youth and family in individual skill-building (see "Functional Family Therapy," Title IV-E Prevention Services Clearinghouse, updated September 2022, https://preventionservices.acf.hhs.gov/index.php/programs/416/show). Another one is Families Facing the Future, an intensive program for parents receiving methadone treatment who have children. Case managers work with families to teach parenting skills, relapse prevention skills, and to connect them with services (see "Families Facing the Future," Title IV-E Prevention Services Clearinghouse, updated August 24, 2020, https://preventionservices.acf.hhs.gov/index.php/programs/207/show).

27. "Information Memorandum," Administration for Children and Families, U.S. Department of Health and Human Services, April 12, 2018, https://www.acf.hhs.gov/sites/default/files/documents/cb/im1802.pdf, Attachment B, 1–2.

28. The Protective Factors Framework was developed by the Center for the Study of Social Policy (CSSP) and is intended to strengthen families. "Protective Factors Framework," accessed February 22, 2024, https://cssp.org/our-work/projects/protective-factors-framework/.

29. Joseph Homlar (director of Colorado Division of Child Welfare), April Jenkins (children, youth, and family services manager), Jamison Lee (CFO), Matt Holtman (CAPTA & federal programs administrator), and Tiffany Madrid (director of strategic research), in discussion with the author,

September 2023. See also "Social Services Rules," Code of Colorado Regulations, Department of Human Services, https://www.coloradosos.gov/CCR/GenerateRulePdf.do?ruleVersionId=11000, 17

30. This data is for Colorado's Program Area 3. Program Area 3 is meant to "(1) provide services for children and families who do not have an open child welfare case, but who are at risk of involvement with child welfare; (2) close cases with no safety concerns and continue providing services with a support plan; and (3) help children and youth in out-of-home (OOH) care to step-down to the least restrictive placement setting." See "Core Services Program Annual Evaluation Report Calendar Year 2022," Colorado Department of Human Services, October 1, 2023, https://docs.google.com/document/d/1Ymvy29jeLXoNqhz5NqploiZnCFKcRQ4bm60nWQmAHnc/edit, 4, 17.

31. "Core Services," 22, 24.

32. Megan Rose (CEO, Better Together) in discussion with the author, September 2023. Also see "Better Families" (web page), Better Together, accessed February 22, 2024, https://bettertogetherus.org/better-families/#:~:text=Our%20unique%20model%20enables%20parents,in%2090%20days%20or%20less; and "Annual Report 2022," Better Together, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://bettertogetherus.org/storage/2023/07/BT_2022_annual_report-digital-1.pdf.

33. "Annual Report 2022," Better Together, 6.

34. Jill Kelly (vice president of prevention services, Firefly Children and Family Alliance) and Abby Swift (chief clinical officer, FCFA) in discussion with the author, May 2023.

35. Jill Kelly, email message to author, December 2023.

36. There is an exception for independent special districts that may be created only to enable prevention and not address maltreatment through intervention services, which is under the purview of another government agency.

37. David Reed (deputy director of Child Welfare Services at Indiana Department of Child Services), in discussion with the author, July 2023.

38. The Protective Factors Survey is founded in the Protective Factors developed by CSSP. It is designed to assess a family's protective factors, identify which factors they need to work on, and measure changes in the family's protective factors. "Protective Factors Surveys," FRIENDS National Center for Community-Based Child Abuse Prevention, accessed February 22, 2024, https://friendsnrc.org/evaluation/protective-factors-survey/.

39. If an evidence-based program is determined to be well-supported or supported by the Title IV-E Clearinghouse, then states are able to use it and gain reimbursement for their expenses from the federal government under FFPSA. The California Evidence-Based Clearinghouse was created almost 20 years ago to review evidence-based programs for child welfare. In that time it has evaluated more evidence-based programs than the new Title IV-E Clearinghouse. For more, see "California Evidence-Based Clearinghouse for Child Welfare," CEBC fact sheet, 2016, https://www.cdss.ca.gov/ocap/res/pdf/2016_CEBC_Fact_Sheet.pdf.

40. Reed, discussion.

41. Patrick Lawler (CEO, Youth Villages), in discussion with the author, August 2023.

42. Jessica Foster (chief strategy officer, Youth Villages), in discussion with the author, June 2023.

43. "Intercept – A Program of Youth Villages," Youth Villages, 2019, https://youthvillages.org/wp-content/uploads/2019/10/Intercept-A-Program-of-Youth-Villages.pdf.

44. "Intercept" (web page), Title IV-E Prevention Services Clearinghouse, updated January 2022, https://preventionservices.acf.hhs.gov/programs/532/show.

45. Foster, discussion.

46. Foster, discussion.

47. Foster, discussion.

48. Lawler and Foster, discussions.

49. See Ann Somers Hogg, "You Are What You Treat: Transforming the

Health Care Business Model so Companies—and People—Thrive," Clayton Christensen Institute, May 2022, https://www.christenseninstitute.org/wp-content/uploads/2022/05/DriversofHealth.pdf, 20.

50. Rose, discussion.

51. Rose, discussion.

52. Kenneth Mysogland (bureau community chief of external affairs, CT DCF) and Sharon Davis (director of family and services, CT DCF), and Olivia Wilks (senior policy analyst, Chapin Hall), in conversation with the author, July 2023.

53. Sue Gallagher (chief innovation officer, Children's Services Council of Broward County), in discussion with the author, August 2023.

54. "New Allies Offers Support to State/County Leaders Striving to Bring Change to Child Welfare Systems," Youth Villages, March 18, 2021, https://youthvillages.org/new-allies-offers-support-to-state-county-leaders-striving-to-bring-change-to-child-welfare-systems/.

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The Clayton Christensen Institute for Disruptive Innovation is a nonprofit, nonpartisan think tank dedicated to improving the world through Disruptive Innovation. Founded on the theories of Harvard professor Clayton M. Christensen, the Institute offers a unique framework for understanding many of society's most pressing problems. Its mission is ambitious but clear: work to shape and elevate the conversation surrounding these issues through rigorous research and public outreach.

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