



Legislative Post Audit Performance Audit Report Highlights

Foster Care: Reviewing Selected Issues Related to Compensation and Oversight of Foster Care Contractors

Report Highlights

July 2011 • R-11-011

Audit Concern

Legislators expressed concerns that the monthly per-child rate paid may cause contractors to keep children in foster care longer than needed. They also had concerns about whether SRS' oversight of contractors is sufficient.

Other Relevant Facts

To address longstanding concerns about the quality of services for children, SRS privatized foster care in 1997. Currently, SRS contracts with four agencies to provide services across the State.

Historically, SRS paid contractors a base fee each month (to cover fixed costs) and a flat per-child payment (to cover the variable costs). In June 2005, SRS eliminated the base fee and introduced a tiered payment structure which reduced the per-child payment as children spent more time in the system.

In December 2007, SRS returned to the earlier payment structure—a base fee and flat monthly per-child payments—to help improve the financial stability of its contractors.

AUDIT QUESTION 1: *Does the manner in which foster care contractors are compensated cause them to keep children in the foster care system longer than needed?*

AUDIT ANSWERS and KEY FINDINGS:

Generally, foster care contractors' monthly costs are less than the monthly payments they receive. However, the payment structure doesn't appear to have affected how long children stay in foster care.

- Overall, foster care contractors' monthly per-child margins are between \$140 and \$280 more than the cost of services.
 - SRS pays the contractors between \$1,500 and \$1,600 each month for each child in foster care.
 - On average, contractors' monthly per-child costs for providing services are about \$1,300.

NOTE: This analysis only shows the difference between the monthly per-child payments and the contractors' monthly variable costs. This is not an analysis of whether the contractors realize an overall profit or loss from the contract.

- The payment structure does not appear to have affected how long children stay in foster care.
 - The median length of stay in foster care generally has not increased under the most recent payment structure. The median time to reunification has consistently been about 8-9 months; the time to adoption about 28-32 months.
 - We know from our work on past audits that several other factors are more likely to affect the length of stay, including judicial discretion, court delays, and the mental health and behavior problems of the child or the child's family.
- We also noted that increasing the adoption subsidy potentially could help increase the number of children adopted. Because adoption subsidies are so much less than foster care payments (on average \$340 per month compared to \$790 per month), foster families considering adoption face a financial disincentive.

AUDIT ANSWERS and KEY FINDINGS:

Overall, we found that SRS has established good monitoring policies and gathers performance data to monitor contractors, but staff don't always act to correct the problems they find.

- SRS' written policies meet best practices for monitoring the services provided by foster care contractors, and SRS routinely gathers and analyzes case data about contractors' performance.
- However, SRS staff don't always act to correct problems because the agency has taken a hands-off approach.
 - SRS hasn't required contractors to develop improvement strategies when national standards aren't met, as required by the contracts. Currently several contractors are not in compliance with the standards related to timely reunification and median length of stay.
 - Further, SRS staff who routinely review foster care case plans told us they can't do or say much. Plans are not reviewed for substantive issues and SRS officials defer to the contractors and courts because they are responsible for the "direction" of the case.
- Regardless of SRS' oversight efforts, hundreds of children remain in foster care many years.
- Overall, Kansas' performance on national standards for length of stay in foster care appears to be average, as compared to other states.
- We also found that SRS' monitoring efforts are somewhat hampered by data inaccuracies in its tracking system.

WE RECOMMENDED

We recommended that SRS enforce certain contract requirements for its foster care contractors. We also made a recommendation to help ensure that SRS staff have up-to-date information to help them oversee contractors.

Agency Response: *SRS and the four foster care contractors generally agreed with the report and recommendations.*

HOW DO I GET AN AUDIT APPROVED?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the Division must be approved by the Legislative Post Audit Committee, a 10-member committee that oversees the Division's work. Any legislator who would like to request an audit should contact the Division directly at (785) 296-3792.

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