From Evidence-Based Policies to Positive Outcomes: How to Fund What Really Works in Child Welfare

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Pseudonyms have been used to protect the identities of Lisa, John, and Matthew.


Although we spend a great deal on social programs, seldom are the results of programs adequately assessed, which allows programs that don’t work to endure far too long and draw resources from other, more effective interventions. This chapter discusses social impact bonds, which strive to fund child welfare programs that achieve desired outcomes without wasting resources on programs that don’t work.

**OVERVIEW**

A predecessor to social impact bonds, called performance-based contracts, emerged in the early 1990s as one way to fund what works in child welfare. Rather than paying for a unit of a particular service (e.g., an overnight stay in a foster home), performance-based contracts can reward private agencies that achieve or exceed specific outcomes and/or penalize agencies that fail to achieve specific outcomes (e.g., children are reunified with parents, children are adopted, or parents are able to provide a safe and supportive home environment). At least 27 states have experimented with performance-based contracts for one or more child welfare services.

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EXAMPLES

States, counties, and child welfare agencies are beginning to embrace social impact bonds to reduce costs and improve outcomes. Connecticut, for example, obtained $12.5 million in private investments for a social impact bond using the Family-Based Recovery (FBR) intervention, which researchers from Yale University and the University of Connecticut found to be an effective treatment intervention for parental substance abuse. FBR is an in-home, intensive, long-term clinical treatment intervention to keep families of children under the age of eight intact while providing the services needed (e.g., substance use treatment, parent-child relationship support, developmental guidance, and case management) to ensure that the home is a safe and supportive environment. In Cuyahoga County, Ohio, a $4 million social impact bond is housing and providing supportive services to 135 homeless parents with children in foster care, to reduce the children’s length of stay in foster care. In Illinois, the Dually-Involved Youth Project was developed to target youth who are involved in both the juvenile justice and child welfare systems, since nearly two-thirds of those youth spend time in costly institutional care and half recidivate within two years.

Although the literature regarding the strengths of child welfare social impact bonds is sparse, there are indications that social impact bonds may have the potential to strengthen the child welfare system. Axford and Morpeth suggest that the outcomes-based focus of social impact bonds may be a better fit for employing programs with a proven track record (i.e., evidence-based practice) than providing traditional public child welfare services without such contracts. Liebman asserts that social impact bonds could provide a means of helping foster youth and youth involved in juvenile justice to successfully transition to adulthood. Hawkins et al. contend that social impact bonds could effectively support the widespread use of preventive interventions. This with in mind, evidence-based prevention and intervention programs could be initiated to address a wide range of issues pertaining to child welfare over the course of development. One example of a prevention program is SafeCare, which is an in-home program for at-risk or maltreating parents that could be implemented in more communities throughout the world. Examples of programs that address trauma include the Attachment and Behavioral Therapy for youth from two to 12 years old, and the Safe Harbor program for youth six to 21 years old.

Despite their potential, social impact bonds also have some weaknesses. Service providers may be deterred by the risk that the intervention could fail, or their investors may require large fees to assume the risk. Scaling up social impact bonds can be difficult because what works for one population may not work for another. Social impact bonds may also cost more than programs that government delivers directly. Another

25 For more information see http://safeare.sagepub.com/content/32/6/736.short.
26 See additional examples for a range of preventative programs at https://www.childwelfare.gov/topics/preventing/programs.
27 See additional examples at http://www.nctsn.org/resources/topics/treatments-that-work/promising-practices.
possibility is that service providers may avoid providing services in
difficult cases that are less likely to succeed when compensation is tied to
measurable success.

**GIVEN THE EVIDENCE, WHY AREN'T SOCIAL IMPACT BONDS
MORE WIDESPREAD?**

A few barriers have prevented more widespread use of social impact bonds
in funding the child welfare system, including their complexity. Service
providers may already struggle to engage in performance-based contracting
without the added layers of investors or intermediaries. Additionally, it can
be harder to measure real change than other metrics that are easier to quan-
tify but do not necessarily signal improvements in care. According to Stid, it
is easier to quantify the resources that go into an intervention (inputs) and
the products produced, such as the number of parenting training sessions
(outputs), than the actual measurable changes the intervention produces
(outcomes).30 Martin’s survey of 614 members of the National Institute of
Governmental Purchasing found that only 39.9 percent of new contracts
or contract extensions were awarded based on performance outcomes, as
opposed to other measures like inputs and outputs.31

Another factor that may prevent social impact bonds from spreading in
the child welfare field is that children in foster care have complex needs
and are served by multiple agencies and programs across local, state,
and federal government. This is particularly true of the high-needs users
of child welfare services, such as children with severe emotional and
behavioral problems. Additionally, individuals at each agency may have
disparate and conflicting interests that may prevent needed collaboration
and lead to competition for credit. Consequently, it may be difficult to
track costs and service utilization, which is essential in order to pay off
the intermediaries and investors. Finally, the failure of these programs
could attract negative media attention.32 The impact of such attention in
child welfare may be particularly profound because the general public
may be outraged if children are harmed by a program that was perceived
as having a profit motive.

**CONCLUSION**

Although there are challenges, social impact bonds can play an important
role in advancing child welfare. Science and ethics must play a central role
in any such venture, and political will must be built among participating
stakeholders to ensure optimal designs at every phase. Because the stakes
are so high, social impact bonds should be considered as an option for child
welfare only when the most rigorous evaluation approaches are used. In
addition, child welfare social impact bonds require robust data systems to
capture integrated data from each service provider children encounter, so
that we can investigate fully what factors influence desired outcomes, both
positively and negatively. Finally, it is imperative that all parties involved
in social impact bonds are honest when interventions fail, because children
like Lisa, John, and Matthew deserve interventions that work.

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31 Lawrence L. Martin, “Performance-Based Contracting for Services: A Survey of NIGP Members,”
(Orlando, FL: GSA Training Conference and Expo 2010), available at [https://208.112.78.139/gsaSched
ule2010/training/ppt/PerformanceBasedContractingForNIGP.ppt](https://208.112.78.139/gsaSche
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