

TO: House Human Services & Housing Committee
RE: House Bill 3383
ON: March 27, 2019

Chair Keny Guyer, Vice-Chairs Noble and Sanchez, members of the Committee,

For the record, my name is Courtney Graham, and I am here today on behalf of SEIU Local 503, which represents Child Welfare workers at the Department of Human Services around the State of Oregon.

We appreciate that the sponsors of this bill have brought the idea forward, and I believe we share a common aim of improving outcomes for children and families served by DHS. However, we would like to take this opportunity to express a number of concerns about House Bill 3383 and the idea of contracting out services like Child Welfare more generally.

Oregon has attempted in other programs to contract out or otherwise decentralize state services - including through our system of care through ODDS and IDD. What you may have heard in this committee, and certainly through the budget committee conversations, is that this system is struggling. Wages are low, and thus attracting a quality workforce is challenging. Oversight is often lacking, which can lead to inconsistency in training and quality of care, as well as difficulty in tracking and reporting on system-wide trends and concerns. There is no centralized case management system, meaning each provider tracks case management differently, subjecting consumers to the whims of their local provider. Additionally, because there is no centralization, innovation within one provider doesn't translate to others - leading to inconsistency around the state. No one's access to service should depend on where they live when it comes to these kinds of supports. There are bills to address almost all of these challenges in other programs where care has been privatized.

A 2007 report by the U.S. Department of Health and Human Services and the Office of the Assistant Secretary for Planning and Evaluation posed a critical question for state policymakers considering privatization: "In summary, sites must ask themselves: why they want to privatize a service or a service system, what they want this new system to achieve, and why they expect private agencies to outperform the existing public system. They need to ask whether transferring case management will address these issues or whether other supports will be necessary."¹ They asked this critical question because numerous states' experiences suggest that, in fact, costs will *increase* under privatization, due to the increased need for support and investment. This is also due in part to the reality that issues such as high caseloads, difficulty recruiting and retaining workers, and fragmentation of private providers do not simply disappear once the system is privatized, and may in fact temporarily get worse as the system adjusts.

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<https://aspe.hhs.gov/basic-report/assessing-site-readiness-considerations-about-transitioning-privatized-child-welfare-system>

Numerous reports have made the same findings. According to a 2010 white paper by the Casey Family Foundation, “There was consensus among those interviewed that public agencies should not expect to save money initially through privatization, given the startup costs of developing, implementing and monitoring such an initiative, as well as providing a full array of services to children and families with expectations of higher quality.”² Additionally, in Kansas, “Another challenge that compounded the staffing problem was a high staff turnover rate ... New workers in the private sector complained of the same problems that were endemic in the public sector, such as inadequate pay, lack of career advancement opportunities, and burn out. Job security was also a concern, since the contracts undergo a new bidding process every four years.”³

Given the experience of other states with private Child Welfare, there is a question as to whether that is a truly “better” option for Oregon’s kids and families, or whether we should be focusing on improving our current system.

An audit by the Secretary of State in January of 2018 found that current challenges “compromise the division’s ability to perform essential child welfare functions. These challenges include chronic understaffing, overwhelming workloads, high turnover, and a large proportion of inexperienced staff in need of better training, supervision, and guidance.” These are the same concerns echoed in reports from other states that have moved toward a more privatized, decentralized model for Child Welfare.

There are solutions before this committee and the legislature this session that would help stabilize Child Welfare and begin to improve outcomes for families, including fully funding DHS to support 100% staffing. We believe that it’s important to take steps to stabilize the system, including by restricting the number of policy changes that are made this session, before considering something as disruptive as moving toward privatization - even in a pilot.

Thank you for your time,

Courtney Graham
Political Strategist
SEIU Local 503, OPEU

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<http://www.washingtongrp.com/wp-content/uploads/2013/04/Privatization-Review-of-Kansas-and-Florida-by-Casey-Family-Programs-2010.pdf>

³ *Ibid.*