

Semi-Annual Report of the State of Illinois to the National Quality Improvement Center on the Privatization of Child Welfare Services

Striving for Excellence: Illinois Expansion of Performance Based Contracting to Residential and Transitional/Independent Living Service Provision

September 30, 2008

I. Project Description

A. Performance-Based Contracting and Quality Assurance Model

The Illinois Department of Children and Family Services (DCFS), in partnership with the Child Care Association of Illinois (CCAI) and the Children and Family Research Center of the University of Illinois at Champaign-Urbana (CFRC), is expanding its existing performance based contracting initiative to private contract agencies providing residential, group care, independent living and transitional living services.¹ Illinois has led the nation since 1997 in the implementation of performance-based contracting and quality assurance (PBC/QA) initiatives for foster care case management.

Despite the success of this initiative in moving over 35,000 children into permanent homes, Illinois failed to achieve substantial conformity on any of the seven child welfare outcome measures in its 2003 Child and Family Services Review (CFSR). One of the weakest areas identified by the federal reviewers was the State's performance on Permanency Outcome 1 (children have permanency and stability in their living situations) wherein Illinois was found to have substantially achieved this outcome in only 36% of the foster care cases reviewed. Reviewers found a lack of consistency with efforts to ensure placement stability, establish permanency goals in a timely manner, and ensure that older children in long-term foster care receive appropriate services to assist them in transitioning out of care into independent living (Illinois CFSR, 2003). Illinois currently serves over 2,500 children and youth in residential, independent and transitional living programs.

Current research indicates the complexity of the service needs of these target populations. A 2006 study by the Chapin Hall Center for Children at the University of Chicago on placement stability in Illinois found that the placement change rate in Illinois is relatively high when compared to other

¹ The Children and Family Research Center of the University of Illinois at Champaign-Urbana replaced the Child Welfare Institute as the evaluation partner of this project as of October 1, 2007. The primary evaluator, Judge Kathleen A. Kearney is now employed by the CFRC and continues as the principle investigator for this project.

states and has been steadily increasing. Behavior problems, prior institutionalization and runaway incidents increased subsequent placement stability (Zinn, 2006).

In 2004, Chapin Hall conducted one of the most extensive studies ever done on foster youth in residential care.² According to their findings, the residential care caseload has changed over time to include an increasing number of youth who have experienced multiple placement disruptions and failures, longer stays in foster care, and the lack of a permanent home before entering residential care (Budde, 2004).

In Illinois, like many other states around the country, a smaller number of residential service providers are now serving more troubled children and youth than residential programs in the mid-1990s. Children who are discharged from residential care into a less restrictive setting are less likely to remain there. Chapin Hall found that 51% of youth discharged from their first residential care setting to a less restrictive setting during the years 1995-2003 were eventually returned to higher levels of care during this time frame (Budde, 2004).

The Children and Family Research Center (CFRC) of the University of Illinois at Urbana-Champaign prepares an annual report on the conditions of children in or at risk of foster care in Illinois. Several findings have implications for this project. The 2007 report, published during this reporting period, found that the age group most likely to run away from care is children entering foster care at age 15 or older. Children residing in Cook County are much more likely to run away than children in other parts of the state. Girls are slightly less stable in their placements than boys (Testa & Rolock, 2008).

Illinois is also reporting an increase in foster youth over the age of 11 committing at least one delinquent act within a six month period of time. Overall, 52% of foster youth were reported as committing a delinquent act in 2007. For youth in group care (which includes residential treatment facilities and group homes which are the subject of this project) the percentage of youth rises to 69% (Testa & Rolock, 2008).

Illinois' successful past experience with performance based contracting in foster care case management has led DCFS to believe that the expansion of performance-based contracting and its related quality assurance initiatives into the provision of residential services, independent living (ILO) services and transitional living (TLP) services is a worthwhile strategy for improving outcomes for children and youth. The primary driver of performance based contracting for foster care case management was to reduce the number of

² "Residential care" is defined in this study as institutional and group care settings. Illinois has adopted the same definition for this project, excluding shelter and diagnostic care programs.

children in care by “right sizing” the system. Achieving permanency goals and outcomes were – and are – the focused priorities of these contracts.

The overarching goals of the current expansion of PBC/QA to residential care are to increase placement stability, sustain treatment gains obtained during residential placement post-discharge, and incentivize shorter lengths of stay in residential care while improving client stability and functioning thereby allowing for expanded availability of residential care beds for children at earlier stages of their need thereby increasing the likelihood of successful intervention. For ILO/TLP programs, the long term goals are to increase client self-sufficiency, stability and healthy living practices thereby improving readiness for successful emancipation and transition to a productive adulthood.

Drawing upon lessons learned in the development and implementation of its foster care case management contracts, a core principle of the expanded Illinois model is allowing all stakeholders to have substantial and meaningful input into the planning and design phases of this project. The operating theory is that this will lead to higher quality of care, increased stability in placement, smoother and effective transition of children to less restrictive environments and successful emancipation of youth from state custody to productive independence as adult citizens. This project must also take into consideration changes in federal and state policy, most particularly changes in Medicaid resulting from the Deficit Reduction Act of 2005, and implementation of the National Youth in Transition Database (NYTD), and the Fostering Connections and Increasing Adoptions Act of 2008 all of which will have significant impact on this project.

DCFS Director McEwen, DCFS Senior Leadership and the Project Steering Committee strongly believe that improved communication between the public and private sectors, as well as with the community at large, will ultimately improve outcomes for children and youth. This theory of change is best represented in the diagram set forth below:

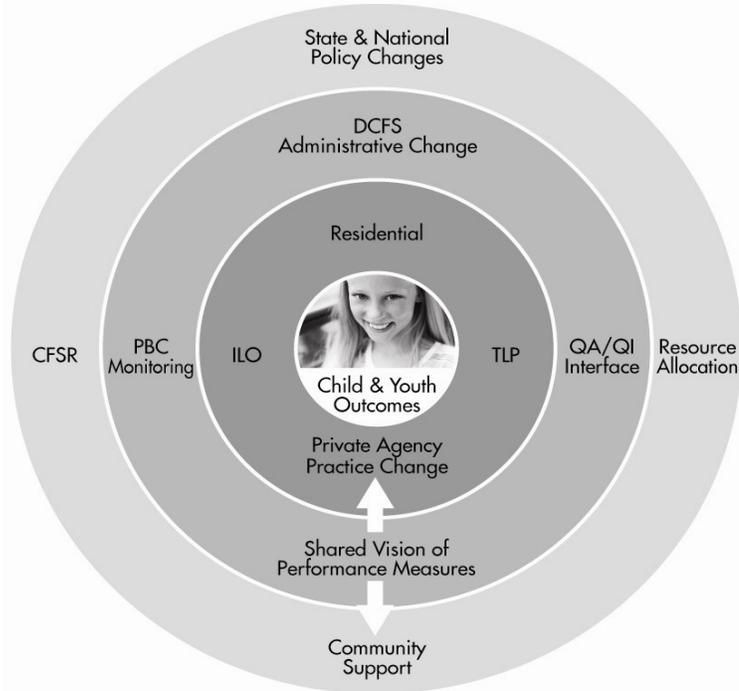


Figure 1: Illinois Theory of Change Model

The project logic model has been revised to incorporate the latest thinking of the Project Steering Committee. See **Exhibit 1: *Striving for Excellence*** Illinois Project Logic Model as revised September 30, 2008.

During this reporting cycle significant changes in state and federal policy have been experienced. Congress passed HR 6893 “Fostering Connections to Success and Increasing Adoptions Act of 2008” which is currently awaiting signature by the President at the time of this writing. This legislation significantly impacts the Illinois child welfare system by amended Parts B and E of Title IV of the Social Security Act to extend kinship caregiver supports, provide federal assistance to foster youth over the age of 18, and allowing IV-E training funds to be used for private non-profit child welfare workers. Illinois has an existing Title IV-E waiver for kinship care which is expiring. The legislation has been deemed critical to the entire Illinois child welfare system because it will allow the current kinship care system operating under the waiver to remain intact, allow for federal reimbursement for some costs incurred serving youth over the age of 18; and allow for partial federal reimbursement for training costs for private agency staff performing child welfare services.

Legislative changes have occurred at the state level as well. Judges have been given the authority to commit delinquent youth under the age of 15 to the

Department of Child and Family Services for treatment. The potential impact of this legislation is detailed below in Section II.A.3. below.

In previous reporting periods the lack of financial resources to support project implementation has not been an issue. This has changed during this reporting period where substantial budget reductions by the State of Illinois have impacted the entire system of care. Further discussion is presented below in Section II.A.3.

The Illinois project model included the following elements for the initial year of operation, all of which were attained:

- Established a Project Steering Committee comprised of the relevant Illinois Child Welfare Advisory Committee (CWAC) Subcommittee and Workgroup Chairs and senior leadership of DCFS to provide oversight and policy direction for the project;
- Convened the first Illinois Child Welfare Data Summit to bring university partners and representatives of child welfare data repositories together to review existing data sets, discuss implementation challenges and make recommendations to the Steering Committee about potential outcome measures to be considered for the demonstration contracts;
- Used the existing Child Welfare Advisory Committee (CWAC), its Subcommittees and Workgroups to review and develop proposed metrics, process and outcome measures, data collection and quality assurance protocols for inclusion in the demonstration contract;
- Facilitated annual Statewide Provider Forums for child welfare system stakeholders to engage in the planning process, provide critical feedback on the proposed metrics, measures, data collection protocols, program implementation, and ultimately share best practices with one another;
- Implemented a demonstration contract for residential and ILO/TLP providers effective October 1, 2007 wherein all providers were held harmless under this contract until July 1, 2008 while performance data was collected and analyzed;
- Incorporated lessons learned and feedback received during the demonstration contract period into fully performance based contracts effective July 1, 2008; and
- Provided for the on-going documentation of the processes used and evaluation of the project with findings disseminated to the Steering

Committee, DCFS and all interested child welfare system stakeholders for their use in system improvement throughout the life of the project.

The essential project format used during the first year, i.e. developing shared vision through a collaborative planning process through the use of Child Welfare Advisory Committee (CWAC) working groups comprised of both public and private representation, deployment of the developed intervention to the field, and review and analysis of the effect of the intervention with modifications made if necessary, remains intact in the second year of project implementation.

Illinois' formally institutionalized its child welfare public/private partnership with the establishment of Child Welfare Advisory Committee (CWAC) and its Subcommittee structure over a decade ago through executive order and ultimately through legislative action. Comprised of representatives from both DCFS and private provider agencies, CWAC and its Subcommittees are tasked with child welfare policy development and large scale system improvement. This project utilizes the existing CWAC structure, set forth in **Figure 2** below, to develop, implement and monitor this project's proposed outcome measures, fiscal incentives, and risk adjustment strategies. The *Striving for Excellence* Illinois Project Steering Committee was established to provide overall project guidance and direction. It is co-chaired by Illinois DCFS Executive Deputy Director Denice Murray and Margaret Vimont, Chief Operating Officer of Jewish Family Services.

Illinois Child Welfare Advisory Committee (CWAC)

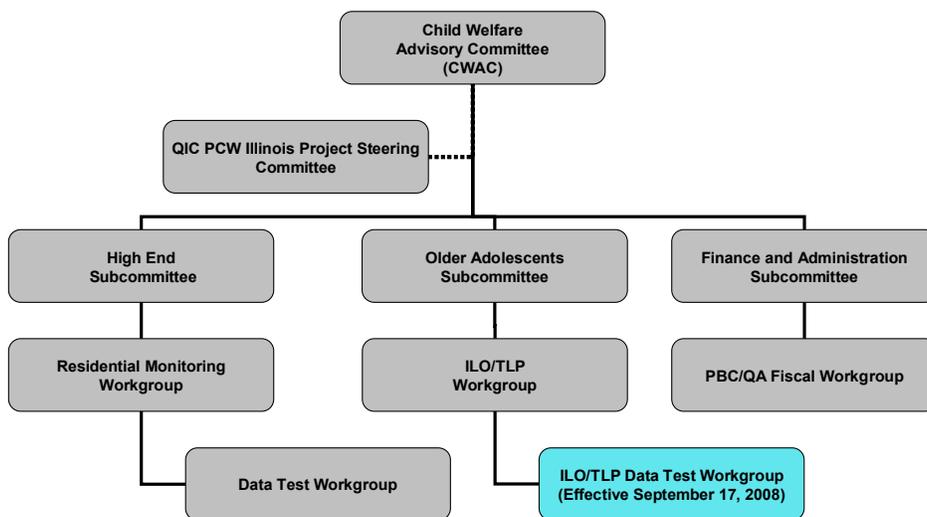


Figure 2: Illinois Project Organizational Chart September 2008

Three standing CWAC Subcommittees are currently working on this project. The High End Subcommittee provides oversight for the implementation, analysis and refinement of performance measures for residential treatment programs. The High End Subcommittee is co-chaired by Karen Rousey of the Babyfold (a private, non-profit child welfare agency) and Kara Teeple, DCFS Deputy Director of Permanency and Placement. The Data Test Workgroup, which reports to the Residential Monitoring Workgroup of the High End Subcommittee, has been tasked with examining and refining the specific outcome measures, data sources, and recommendations for risk adjustment. The Data Test Workgroup has been, and will continue to be throughout the life of this project, the primary workgroup monitoring the data collection and analysis of the residential performance indicators developed for this initiative. It is co-chaired by Dr. Alan Morris of the University of Illinois at Chicago and Brice Bloom-Ellis, DCFS Quality Assurance Director for Residential Treatment.

The Older Adolescents Subcommittee formed the ILO/TLP Workgroup to facilitate ongoing reforms of the ILO/TLP programs. This Workgroup has been working with the National Governor's Association on a national project to address the needs of older youth leaving care. Given the expansion of performance based contracting to ILO/TLP services, and its synergy with ongoing reform efforts, the ILO/TLP Workgroup was assigned to work on this project. The Older Adolescents Subcommittee and the ILO/TLP Workgroup has met jointly during this reporting period to work on this project. Both the Subcommittee and Workgroup are chaired at this time by Mary Hollie, Chief Executive Office of Lawrence Hall Youth Services, and Miller Anderson, DCFS Deputy Director of Monitoring.³

Given the challenges discussed in Section II.A. below concerning the ILO/TLP program, a new workgroup modeled on the residential Data Test Workgroup has been established. This workgroup is comprised of experienced members of the Data Test Workgroup with expertise in Independent and/or Transitional Living, representatives of both Cook County and downstate providers, and university based researchers. It met for the first time on September 17, 2008 as a separate ILO/TLP Data Test Workgroup. Like the residential workgroup upon which this entity is based, they are charged with refining the data collection protocols and developing a risk adjustment strategy upon which performance benchmarks for ILO/TLP

³ Cynthia Moreno was the Co-Chair of the Older Adolescents Subcommittee at the inception of this reporting period. Ms. Moreno was the Deputy Director for Invention Services until her separation from the Department in July, 2008. Her position remains vacant at the time of this writing with Deputy Executive Director Denice Murray fulfilling her daily duties. Miller Anderson, Deputy Director for Monitoring has replaced Ms. Moreno as Co-Chair of the Older Adolescents Subcommittee and ILO/TLP Workgroup.

providers can be based. The ILO/TLP Data Test Workgroup plans on conducting monthly meetings over the next year to accomplish this agenda.

The Finance and Administration Subcommittee had previously formed an expanded PBC/QA Fiscal Workgroup to develop and review the financial aspects of this project and make recommendations to the Steering Committee. Since the fiscal structure has now been established, this workgroup did not meet during this reporting period separate from the Finance and Administration Subcommittee. The Finance and Administration Subcommittee is co-chaired by Mark Nufer, CFO of Lawrence Hall Youth Services and Matthew Grady, Deputy Director of Budget and Finance, DCFS.

A description and listing of the project meetings held during this reporting period is set forth below in Section II.A.6.

B. Status of Privatization in Illinois

All residential, ILO and TLP services are provided by private agencies in Illinois. Contracts with these entities prior to this project had been on a per diem basis with individual rates negotiated between each provider and the Department of Children and Family Services. The *Striving for Excellence* project standardized the residential treatment rates based upon severity level and staffing patterns. ILO/TLP services underwent significant reform in FY 2006 – 2007 whereby a tier system was instituted based upon client age and educational goals. Rates were standardized by tier level as a result of this reform effort. Foster care case management is 80% privatized statewide with cases assigned to private agencies on a random rotating basis.

C. History of Performance Based Contracting in Illinois

As previously noted, the Illinois Department of Children and Family Services (DCFS) initiated and implemented a performance-based contracting system for privatized foster care case management services in fiscal year 1997. This system is largely credited with reducing the number of children in out-of-home placement from over 51,000 at its inception to 15,918 as of August 31, 2008 (DCFS Executive Statistical Summary, August 2008). Children no longer languished in foster care and revenue saved through case reduction was reinvested in the system to improve services by reducing worker caseload size. Illinois received a Harvard Innovations in American Government Award in 2000 in recognition of its achievements (McEwen, 2006).

The Illinois model was predicated upon a switch from the per-diem administrative rate based on the number of children and days of care to an administrative rate based on caseworker-to-caseload ratios with a predetermined number of cases expected to move out of the system and an

equal number of new cases expected as intake. Cases were assigned to each private agency on a rotational basis thus ensuring each agency would have an equal opportunity to receive new cases. Success was determined by each agency achieving permanency for children through reunification, adoption, or subsidized guardianship on 24% of their beginning caseload. This percentage was increased to 29% in fiscal year 2004 (Illinois CFSR Program Improvement Plan).

Foster care case management agency performance is reviewed on an annual basis. Agencies are ranked from lowest to highest in permanency-placement rates. Those with the highest rates are more likely to receive their guaranteed intake of new cases, thereby sustaining a steady revenue stream. In cases where an agency meets, but does not exceed, its desired permanency rate, it is possible that this agency will not be given new clients in favor of an agency that has exceeded expectations (McEwen, 2006). This paradigm shift in contracting for services resulted in the State retaining better performing agencies and eliminating those who failed to meet performance goals (Blackstone, 2004).

DCFS initiated its formal Continuous Quality Improvement (CQI) process in 1997 concurrently with performance-based contracting. The CQI process includes an evaluation of Unusual Incident Reporting (UIR) data and quarterly peer review of records. Frontline caseworkers and supervisors are engaged in the CQI process. Illinois is one of the few state systems where the Council on Accreditation of Services for Families and Children accredits the quality assurance system (Illinois CFSR, 2003).

Illinois established a Residential Performance Monitoring Unit (RPMU) to provide oversight and technical assistance to residential service providers. The RPMU monitors both the quality of care and the appropriateness of the level of care and is charged with the identification of weaknesses in the overall system of care. A contract with Northwestern University was developed to provide the monitors. This program was discontinued in State Fiscal Year 2007-2008 following the Department's decision to bring the monitors "in house" as DCFS employees. Delays in hiring the monitors were attributed to negotiations with the labor union representing state employees. The Department has now hired and trained the monitors which are regionally based. It is the Department's intent with this redesign to significantly lower the ratio of youth to monitors from 50:1 to 35:1 although it is unclear at this writing if this staffing ratio has been achieved. The Department anticipates the lower staffing ratio will allow the monitors to spend more time in each agency during monitoring visits and will assist in the implementation of the new quality assurance protocols developed as part of the expansion of performance based contracting to residential programs. The new Discharge and Transition Protocol also requires monitors to attend staffings which has increased their daily workload.

II. Process Evaluation

A. Subgrantee Implementation Activities

1. What is the status of your implementation?

The *Striving for Excellence* updated project work plan (from October 1, 2008 to September 30, 2009) is attached as **Exhibit 2** to this report. The project remains on schedule as to implementation and evaluation of performance based contracting for residential programs. The project is behind schedule for full implementation of performance based contracting for Independent and Transitional Living programs, a more detailed discussion of which is set forth below in Section II.A.2.

The following project milestones have been achieved during this reporting period:

- The Project Steering Committee met monthly except for the month of August, 2008 to provide oversight and policy direction for the project. The Steering Committee is comprised of the CWAC Subcommittee and Workgroup Chairs with equal representation from both the Department of Children & Family Services and private residential, ILO and TLP providers. A list of Project Steering Committee members as of September 30, 2008 is attached as **Exhibit 3** to this report. Judge Kearney attended all Project Steering Committee meetings in person to observe, document and evaluate the processes used to implement this project.
- The Project Steering Committee, using the existing CWAC Subcommittee structure, readjusted residential performance outcomes based on information obtained during the demonstration contract period, refined the residential treatment readjustment strategy, and implemented fiscal incentives and disincentives in the FY 2009 contracts effective July 1, 2008.
- The Data Test Workgroup comprised of representatives from DCFS, private provider agencies, Northwestern University, Chapin Hall Center for Children, and the University of Illinois at Chicago finalized their risk adjustment model to allow for variance in agency performance on contract outcome measures.
- Individualized agency performance benchmarks were given to each residential agency on April 25, 2008 during the Third Annual

Statewide Provider Forum sponsored by the Child Care Association of Illinois. Presentations were given during the Forum by members of the Project Steering Committee and the Data Test Workgroup to explain how the FY 2009 performance measures were adjusted for risk based upon child and agency characteristics. Providers were encouraged to provide feedback both at the Forum and through the submission of questions for inclusion in a “Frequently Asked Questions” document on financially related issues and concerns.

- Two separate ILO/TLP Provider Forums were sponsored by the Older Adolescents Subcommittee. The first, held at the Babyfold in Normal, Illinois on May 7, 2008 was for downstate providers and DCFS monitors. The second, held at the Department’s Regional Field Office in South Chicago on May 8, 2008 was for Cook County providers and monitors.
- The Wilder Collaborative Factors Inventory was administered by Judge Kearney at Residential Statewide Provider Forum and both ILO/TLP Forums. The results are being analyzed and compared to baseline results obtained from the first administration of the instrument at the First Statewide Provider Forum in 2007.
- Two national cross-site evaluation instruments were administered to employees of the 64 provider agencies participating in this project. The Staff Survey Regarding Training, Supervision and Evidence-Informed Practice and the Quality Improvement Survey were sent to residential, ILO and TLP provider Chief Executive Officers whose agencies are providing services governed by performance based contracting. Data from the returned surveys was recorded and continues to be analyzed. A master list of agencies participating and responding to these surveys is attached as **Exhibit 4**. Additional information on the status of the project evaluation is contained in Section III below.
- Residential monitors, now fully employed by the Department of Children and Family Services rather than Northwestern University, continue to be trained to adapt to the new quality assurance protocols. An electronic scheduling system through the D-Net is being developed to ensure the monitors are aware of and schedule agency staffings as required by the new Discharge and Transition Protocol. Reports on the monitors’ visits from the residential providers are mixed. This issue is being tracked and addressed by the CWAC Residential Monitoring Subcommittee.

- The D-Net web-based computer system is now being used to facilitate the electronic submission and transmission of records in support of the new Centralized Matching Team which controls admission to residential and ILO/TLP programs through the Child and Youth Investment Teams (CAYIT). All providers are required to use the D-Net system in order to obtain referrals for placement and treatment services. Additionally, it is used as a critical communication tool through the posting of DCFS protocols, “frequently asked questions” documents and practice guides. A scheduling component is currently in development which will allow for electronic scheduling of CAYIT staffings and notification of attendees.
- The CAYIT Centralized Matching Team (CMT) is fully operational with all referrals and admissions packets transmitted electronically from the Department’s Placement and Permanency Unit to providers. Department staff and providers report the admissions process has been streamlined and simplified. The CMT meets daily from Monday to Friday to review requests for placement. Kara Teeple, Acting Deputy Director of Placement and Permanency, reports that the CMT has been averaging 50 cases per week since its deployment statewide on July 1, 2008. Given the level of review required, the Department is considering the addition of a second CMT during the next year. Data is being collected on the appropriateness of referrals to provider agencies.
- The Discharge and Transition Protocol has been refined and amended in response to input from frontline staff given during its early implementation. The Protocol is designed to facilitate continuity of care and supportive transitions for children and youth served through institutional or group home placements. It is deemed of critical importance for improving agencies’ sustained favorable discharge rates. Trainings of private agency and Department staff conducted during the first quarter of 2008 by Dr. Alan Morris and Deann Muehlbauer of the University of Illinois at Chicago revealed significant practical and definitional problems with the protocol. The CWAC Residential Monitoring Subcommittee reconvened the workgroup which designed the Protocol to correct the problems identified. The decision was made to create a new Discharge and Transition Protocol Advisory Council to monitor the implementation of the protocol and resolve any implementation issues. The most recent draft version of the Discharge and Transition Protocol is attached as **Exhibit 5** to this report. It should be noted this is still in draft form and under revision. It has yet to be formally adopted by the Advisory Council and has not yet been cleared for public dissemination.

- The Children and Family Research Center convened the Second Illinois Child Welfare Data Summit on May 14, 2008 in Chicago. Judge Kearney facilitated the day long meeting of 24 child welfare researchers from the following university partners: Chapin Hall Center for Children, Illinois State University, Northwestern University, Northern Illinois University, Southern Illinois University, the University of Illinois at Chicago, and the University of Illinois at Urbana-Champaign. Director McEwen and senior members of his leadership team were in attendance. Dr. Neil Jordan, Dr. Andy Zinn, Dr. Alan Morris and Brice Bloom-Ellis presented this project's residential risk adjustment strategy to the group for comment and review. A planning session was then held to discuss future Data Summits and the development of a shared child welfare research agenda to support the Department's initiatives. The agenda and planning questions are attached as **Exhibit 6.**⁴

- The Department established an internal Performance Based Contracting Implementation Team to facilitate internal communication between the Department's various program offices and resolve issues pertaining to contract implementation. The Implementation Team, chaired by Acting Deputy Director Kara Teeple, meets weekly. Members include high level staff representatives from Fiscal and Budget, Operations, Quality Assurance, Placement and Permanency, and Monitoring. The Director's Office is represented by Twana Cosey. Judge Kearney attends these meetings to document the process and issues which arise.

- The Residential Treatment Outcomes System (RTOS) is operational and will be used by residential providers to track their performance on contract outcome measures. Brice Bloom-Ellis presented the draft report format to the Residential Provider Group at their meeting in Normal, Illinois on September 12, 2008 and sought their input on its usefulness for tracking contract level performance. This system is also capable of presenting child/youth level detail thereby enabling each agency to reconcile their individual performance data with that used by the Department to calculate Treatment Opportunity Days Rate and Sustained Favorable Discharge Rate.

⁴ The status of future Data Summits is unknown at the present time. It was the intent of Director McEwen to fund, through a separate Children and Family Research Center contract, quarterly meetings wherein data and recent research would be shared and vetted by the attendees. Required budget cuts by the Department mandated the cancellation of this contract at the present time due to loss of funds. The Director has indicated his intent to reinstate this activity if funds are restored by the Illinois General Assembly and not vetoed by the Governor.

2. Did implementation occur as planned?

No.

The magnitude and complexity of this statewide demonstration project has made adhering to projected timelines difficult, if not impossible. The FY 2009 contracts were finalized shortly before their execution on July 1, 2008. There was little change in the performance measures contained in the demonstration contracts in effect from November, 2007 through June 30, 2008, although the residential agency performance benchmarks were significantly revised and refined based upon ongoing work being conducted in the Data Test Workgroup.

Although several Project Steering Committee members expressed concerns about fully implementing the fiscal aspects of this initiative, particularly the penalties imposed for failure to meet Treatment Opportunity Days Rate benchmarks, without a more in depth analysis of performance data obtained over a full year, full implementation of performance based contracts occurred as scheduled on July 1, 2008.

The Data Test Workgroup continues to chart new territory in the development of its agency risk adjustment strategy. The transparency of the process used to adjust for risk and the new RTOS system which allows agencies to reconcile their performance data with that of the Department has increased confidence in the risk adjustment model on the part of individual provider agencies. More detailed information about the nature of the work during this reporting period is set forth below. The intense nature of this work required additional meetings and conference calls for various members and the technical experts assisting the project from Northwestern and Chapin Hall which are not listed in the formal list of project meetings set forth below in Section II.A.6. Since at least four members of the Data Test Workgroup are also members of the Project Steering Committee and other CWAC Subcommittees working on this project, the time commitment required of these members continues to be substantial.

During this reporting period it became evident to the Project Steering Committee that the data collection, monitoring and quality assurance systems in ILO/TLP programs were not as fully developed as those implemented in residential. Attempts were made to “retrofit” residential outcome measures for ILO/TLP (e.g. Treatment Opportunity Days Rate) so that they could be adjusted for risk using the current residential model. Despite the best intentions of all involved, the critical

stakeholders recognized that the programs were too different and required a more in-depth analysis of what ILO/TLP data is currently collected and to what degree it is reliable before an ILO/TLP specific risk adjustment strategy could be built and implemented.

In reality, the ILO/TLP aspect of this project is approximately one year behind schedule. Drawing on the successful use of the Data Test Workgroup used for residential, a new ILO/TLP Data Test Workgroup was selected. Several members of the existing group were added to the new ILO/TLP Data Test Workgroup to provide continuity and expertise including provider representatives Dr. Rob Lusk of the Babyfold and Dennis Wiley of Onarga Academy; DCFS representative Brice Bloom-Ellis; and university partners Dr. Alan Morris of UIC, Dr. Neil Jordan of Northwestern, and Dr. Andy Zinn of Chapin Hall. A cross section of ILO and TLP providers representing Cook County and downstate providers, with a particular emphasis on smaller providers, were also added to this Workgroup. The first meeting was held on September 17, 2008 with plans to meet on the third Thursday of the month following the Project Steering Committee and Older Adolescents Subcommittee meetings.

3. Implementation Barriers

As noted above, the complexity of this project has presented the largest obstacle to implementation. The time commitment required of senior Department and private agency leadership is substantial and is being threatened in these difficult economic times. Although the Project Steering Committee meets monthly, the interviews conducted early in 2008 by Judge Kearney of its members reflected ongoing concerns about potential pitfalls for this project. The potential pitfalls identified by the Project Steering Committee included the following:

- Lack of sustained funding to support improved performance;
- Changes in DCFS leadership impacting implementation and support;
- Loss of focus or momentum by the Project Steering Committee over time;
- Private agencies discharging clients before clinically appropriate to enhance the likelihood of agency fiscal gain;
- Lack of reliable data;
- Poor matching of clients to providers;

- Problems with other parts of the system of care, especially foster care case management which impact residential, ILO and TLP agency performance; and
- Lack of engagement of frontline staff and supervisors in bringing about positive change.

During this reporting period several of the concerns identified by the Project Steering Committee above have come to fruition due to internal and external variables beyond the control of this project. In particular:

Critical budget shortfalls have potential to seriously impact agency performance

Severe budgetary shortfalls have impacted the State of Illinois since the submission of the last Semi-Annual report. The FY 2009 budget passed by the Illinois General Assembly last spring was initially adequate to meet the needs of the Department. The Governor exercised line item veto authority in late June, 2008 and substantially reduced the appropriations earmarked for child welfare services. The cuts included over \$21,219,715 in private agency appropriations (which includes over \$6.5 million to universities and research institutions which provide training and support for foster parents, and the collection of outcome data) and \$17,145,170 in DCFS staff and divisions. Equally massive reductions were made in substance abuse treatment services and adult mental health services under the jurisdiction of the Department of Human Resources (DHR). The General Assembly failed to override the Governor's vetoes during a special session held in July, 2008.

The Department notified its vendors and providers in late August, 2008 that budgetary priorities would be realigned and FY 2009 contracts (which were in effect as of July 1, 2008) would be amended or rescinded given the lack of funds. The Director held harmless the residential, ILO and TLP agencies participating in this project and kept their contracts intact. Nevertheless, the cuts to foster care case management, substance abuse and mental health services are expected to impact the entire child welfare system of care and have the potential to effect residential agency performance if case managers are not actively pursuing post-discharge placements in the community either due to their own increased case loads or the lack of supportive treatment services in less restrictive settings.

On September 10, 2008 the Illinois House approved a fund sweeps package which restored many of the cuts to human services resulting from the Governor's vetoes. Subsequently, the Senate passed two bills which concurred with the House's restoration of funding to private providers, but

did not fully restore the DCFS positions. The Senate has 30 days from the date of final passage to send the bill to the Governor for signing. Governor Blagojevich has expressed concerns about the funding bills, but his intentions regarding a veto are unknown at the time of the writing of this report. Once the bill has been formally transmitted to him for action he has 60 days in which to either exercise his line item veto authority or sign the bill.

Until the funds are formally restored, the DCFS has notified its own frontline staff of layoffs which would be effective November, 30, 2008 and is in negotiations with the labor union representing state employees over the strategies to be used to determine “bumping rights” for positions. Contracts with providers have been rescinded or amended to reflect the decrease in funds. Private foster care case management agencies report they are in the process of laying off staff members at this time. According to Marge Berglind, Executive Director of the Illinois Child Care Association, some are “preparing to close programs outright.” Although residential providers are not experiencing direct cuts at this time, those agencies which perform other child welfare services in addition to their residential programs are under considerable financial strain. The primary concern for residential providers at this time are the substantial 42% cuts to the System of Care (SOC) programs needed to assure stability of placements post-discharge.

The budgetary shortfall, and the current national economic decline, could have a substantial impact on the ability of both public and private stakeholders to continue active participation in the implementation of this project even if the current budget cuts are fully restored. Face-to-face meetings are held at least monthly for all CWAC Subcommittees and Workgroup and travel costs for both Department and private agency stakeholders. Although telephonic attendance is feasible, it has often been difficult to hear the proceedings and review the technical documents disseminated for review and comment. The twenty-five percent reduction in funds to the university partners may inhibit the participation of the university researchers and experts who have been critical to the development and deployment of the residential risk adjustment strategy. These experts may not be able to devote the necessary time and effort to the ILO/TLP risk adjustment strategy without the restoration of research and development funds to their respective universities. The Child Welfare Data Summit planned for October, 2008 has been cancelled and future Summits are suspended indefinitely until funds are restored.

Changes in Senior DCFS Leadership

As reported previously, the Department experienced changes in its senior leadership during this reporting period. These changes include:

- Budget & Finance Officer Barbara Piwowarski resigned her position in late December, 2007 and was replaced by Matthew Grady. Mr. Grady is located in Springfield.
- Mary Sue Morsch, the Deputy Director of Placement and Permanency retired. She has been replaced by Acting Deputy Director Kara Teeple. Ms. Teeple worked previously under Ms. Morsch and has been well received by both the public and private stakeholders. She has been instrumental in establishing and chairing the DCFS internal Implementation Team. Her formal appointment is awaiting approval through the Governor's Office. Ms. Morsch, who was instrumental in reforming the Illinois child welfare system for over a decade and possesses institutional knowledge about the development of performance based contracts for foster care case management remains available to the Department on an "as needed" basis.
- Cynthia Moreno, Deputy Director for Service Intervention and her senior staff were released on instructions from the Governor's Office. They have not been replaced. Ms. Moreno's duties have been assumed by Executive Deputy Director Denice Murray and her staff.
- Four other critical Deputy Director positions remain vacant at this time including: Human Resources, Child Protection, Support Services, and Clinical Practice and Professional Development. Oversight for these divisions has also been placed with Ms. Murray and her staff which has placed additional strain upon them thereby diverting their attention from this project.

The Department underwent significant restructuring and reorganization during the course of the reporting period. The new organizational chart reflecting these changes is attached as **Exhibit 7**.

Potential loss of focus and momentum

The strains experienced by the Illinois child welfare system as a result of current economic and budgetary constraints have led to declining attendance at Project Steering Committee meetings by Director McEwen

and Executive Deputy Director Murray. Their attendance is deemed critical by the private providers who have expressed their concerns that the senior DCFS representatives present for Steering Committee meetings do not have the authority to speak on behalf of the Director. Although both Director McEwen and Deputy Director Murray have made attempts to attend the meetings telephonically, this is not always feasible given their heavy schedules and unanticipated schedule changes due to gubernatorial or legislative demands. The impact of any potential loss of momentum will be explored in more depth by Judge Kearney during her Project Steering Committee stakeholder interviews planned for late fall 2008/early winter 2009.

Data reliability

As previously reported, The Data Test Workgroup identified data issues in both the residential and ILO/TLP programs when developing the risk adjustment strategy. It was necessary to refine contractual definitions and synchronize them with the codes in the CYSIS database. For example, CYSIS does not separate psychiatric hospitalizations from medical hospitalizations. Since psychiatric hospitalizations are considered “negative” discharges in calculating a youth’s sustained favorable discharge rate and are counted against the residential agency as a missed treatment opportunity day, it was critical for this coding problem to be resolved in CYSIS.

The new fiscal structure provides for the purchase of one hundred percent of bed capacity for slots held open for DCFS clients by the provider agencies. Prior to performance based contracting, agencies were fiscally penalized for failing to file a “906” report with the Department which indicated an “opening” caused by a child’s/youth’s absence due to running away, psychiatric hospitalization, or juvenile/adult corrections detention. With the advent of this fiscal structure, this penalty no longer exists so concerns have arisen about how to ensure fidelity in reporting absences. The Department has developed a new bed hold policy, but confusion remains among both Department and provider staff about how absences from care should be reported.

Delinquent youth under the age of 15 being admitted to residential facilities

The Illinois General Assembly passed House Bill 0291 in June, 2007. This legislation amended the Children and Family Services Act and the Juvenile Court Act of 1987 by providing that a delinquent minor under 15 years of age (rather than under 13 years of age) may be placed in the guardianship of the Department of Children and Family Services. The Governor vetoed this legislation and recommended in his veto message

that a task force be set up to study the potential impact of this legislation and report to the General Assembly on January 1, 2009. The General Assembly overrode the Governor's veto on October 11, 2008 and the legislation went into effect on June 1, 2008.⁵ Concerns have been expressed that the potential exists to overwhelm residential programs with these youth.

The Department is tracking the number of youth who have been committed to their custody since June 1, 2008 and have noticed an increase in youth being admitted directly to residential care without benefit of the CAYIT process or through the Centralized Matching Team. The DCFS Implementation Team and the CWAC High End Subcommittee are closely monitoring the situation for its impact on the availability of beds to serve dependent children and youth and the capacity of provider agencies to meet the needs of these clients.

4. Implementation Facilitators

Several factors have contributed to the success of the significant work which has been done to date in Illinois, including:

The willingness of Project Steering Committee and CWAC Subcommittee and Workgroup members to devote substantial time and resources to this project despite economic challenges.

As noted in the both the first and second Semi-Annual Reports and in the table of meetings set forth in Section II.A.6., the Project Steering Committee and the relevant CWAC Subcommittees and Workgroups continue to meet frequently. This does not include the countless hours spent in researching best practices, preparing for meetings, scheduling, traveling to and from meetings and completing tasks assigned as a result of each meeting. Recent budget cuts as discussed above have presented significant challenges as agency travel costs increase and revenue to cover them substantially decreases. Nevertheless, the project stakeholders remain committed to facilitating the collaborative process and donating the necessary time to review project implementation and overcome barriers encountered.

As reported in the second Semi-Annual Report, CWAC Subcommittee and Workgroup meetings continue to be well attended. The Data Test Workgroup averages ten to fifteen members per meeting. They continue to make conscientious efforts to hold their meetings in various locations to improve attendance from downstate

⁵ Information on House Bill 0291 (Public Law 95-0642) is available from the Illinois General Assembly web site at <http://www.ilga.gov/legislation/billstatus.asp?DocNum=0291&GAID=9&GA=95&DocTypeID=HB&LegID=27039&SessionID=51&SpecSess=>

providers. Their electronic “Base Camp” continues to facilitate communication by Workgroup members between meetings. The Older Adolescents Subcommittee averages twenty to thirty members per meeting. Steering Committee Member CEO Mary Hollie of Lawrence Hall Youth Services has provided large conference room space in downtown Chicago for meetings. Other private providers and DCFS regional offices have also hosted CWAC Workgroup meetings around the state.

The establishment of the internal DCFS Performance Based Contracting Implementation Team

Following the April 16, 2008 technical assistance meeting in Tampa with Dr. Dean Fixsen, Director McEwen established an internal DCFS Implementation Team to coordinate internal Department PBC/QA efforts across divisions and units. This team is chaired by Deputy Director Kara Teeple and is comprised of senior DCFS representatives from each division impacted by this project, including: Budget and Fiscal (including contracts, budget, and Medicaid specialists), Policy, Operations, Placement and Permanency, Monitoring, and Quality Assurance. Communications and Legal are included on an “as needed” basis. The Director’s Office is represented by Twana Cosey.

The Implementation Team meets every Thursday for at least one hour. The fiscal staff, located in Springfield, Illinois and Judge Kearney attend the meeting telephonically. A formal agenda is disseminated via e-mail prior to the meeting. Minutes are kept and reviewed at the start of each weekly meeting. The coordination of efforts between both the fiscal staff and the programmatic staff has been critical at this stage of project development. Problems have been quickly identified and solutions sought.

For example, confusion by both DCFS monitors and provider agency staff over the reporting of youth absent from facilities (previously reported through the “906” Residential Care Bed Hold Payment Request form) became evident in July. The Implementation Team developed a “Frequently Asked Questions” document to address fiscal concerns of the provider agencies and clarify roles and responsibilities for reporting youth who are in psychiatric hospitals, on the run, or in detention facilities. This document, posted on the D-Net and disseminated to providers by e-mail, is attached to this report as **Exhibit 8.**

The continued involvement of university partners in providing technical assistance to the Project Steering Committee as well as the CWAC Subcommittees and Workgroups.

Dr. Alan Morris of the University of Illinois at Chicago (UIC) continues to co-chair the Residential Data Test Workgroup with Brice Bloom-Ellis of DCFS. Dr. Neil Jordan of Northwestern University and Dr. Andy Zinn of Chapin Hall also serve as members and continue to refine the residential risk adjustment model. By combining data contained in multiple university data bases and performing a regression analysis, the risk adjustment model is designed to analyze the factors which predict potential difficulties in successful completion of residential treatment.

Their most recent work involves a more in-depth analysis of sustained favorable discharge rate by looking at cohorts of children entering and exiting care to try to identify the practice variables which lead to positive and sustained discharges. The power point presentation used by Dr. Zinn at the September 19, 2008 meeting to describe this analysis is attached as **Exhibit 9** as an example of nature of the discussions in which the Data Test Workgroup engages. The Workgroup continues to seek other reliable clinical data elements for inclusion in risk adjustment model. Recent discussions include use of The Ohio Scales to obtain this type of data.

Drs. Zinn, Jordan and Morris have agreed to serve on the new ILO/TLP Data Test Workgroup to develop a risk adjustment model for ILO/TLP providers. Dr. Zinn is a recognized national expert on older wards. Clark Peters of Chapin Hall and Dr. Angela Baron-Jeffrey of the Northern Illinois University Center for Child Welfare and Education (CCWE) continue to provide technical assistance to the ILO/TLP Workgroup.

The University of Illinois at Chicago (UIC) is currently piloting a project to address the problem of chronic runaway behavior. Dr. Alan Morris and Deann Muehlbauer (who are also members of the Data Test Workgroup) led a workgroup comprised of DCFS and private agencies to design a Runaway Risk Assessment Tool to guide clinicians and treatment teams through a structured decision making process to determine an individual youth's risk to run away as well as their level of dangerousness and vulnerability in the community while on the run. Once these risks are identified, the tool facilitates treatment planning to address the run away behavior. The focus of the pilot is to assess the effectiveness of the tool including its ease of use. Several agencies which have experienced chronic running behavior by clients have volunteered and are participating in the pilot which began in April,

2008. The intent of the pilot is to decrease running on the part of individual youth and support agencies interested in increasing their treatment opportunity days within the context of performance based contracting.

As a result of the success of the first Illinois Child Welfare Data Summit, Director McEwen created an Office of Strategic Research Partnerships under the auspices of the Director's Office. This office is staffed by Michelle Rosenberg and Jennifer Richardson of the Children and Family Research Center of the University of Illinois at Champaign-Urbana and is designed to enhance collaboration in furthering child welfare research. Judge Kearney facilitated the second Data Summit scheduled on May 14, 2008 in Chicago. During the meeting Dr. Jordan and Dr. Zinn presented their risk adjustment model for comment and review by the child welfare research community. Dr. Morris and Brice Bloom-Ellis described the process used to develop the residential performance measures used in this project and suggested the Data Test Workgroup as a model for future child welfare research projects.

Dr. Neil Jordan has applied for an R34 grant through the National Institute of Mental Health, which if funded, will supplement the evaluation efforts of this project. The proposed study's purpose is to identify the organizational culture and climate characteristics of residential treatment providers associated with successful performance on performance based contracting outcomes. By identifying and isolating organizational characteristics associated with successful child outcomes, it is anticipated that organizational interventions can and will be developed, tested and implemented to help all residential providers improve their practice. Dr. Jordan is coordinating his efforts with Judge Kearney who has agreed to serve in a consulting capacity.

The use and availability of multiple communication strategies to disseminate information about this project statewide.

CCAI Executive Director Marge Berglind's weekly *Monday Report* continues to update all CCAI member agencies of the project's status and how to provide feedback to the Project Steering Committee. The three Statewide Provider Forums hosted by CCAI allowed for face-to-face communication between attendees and project leaders. Project Steering Committee members personally contacted agency executives whose agencies did not attend the Third Annual Forum to ensure they were aware of the status of project implementation.

The Residential Data Test Workgroup's electronic "base camp" continues to be used post minutes, reports, relevant research, and

meeting notices. This tool is also useful during meetings where documents can be posted and reviewed by members who attend the meetings telephonically. Residential service providers continue to disseminate information about the project on their informal list serve which also provides information to non-CCAI members thereby increasing the project's outreach. Providers use the list serve as a means of seeking input from one another on the impact of PBC/QA reforms. The "Frequently Asked Questions" document referred to above was generated in part by questions posted on the list serve.

Providers are currently tracking problems encountered through the use of the new Discharge and Transition Protocol through the use of the list serve. The residential service providers continue to meet monthly in an informal setting at the Babyfold in Normal, Illinois. These meetings have also been listed in the table in Section II.A.6. below. A special day long meeting was also held at Onarga Academy to address provider concerns about changes to the Medicaid fee-for-service billing system and their potential impact on residential treatment.

The Older Adolescents Subcommittee has established a list serve for ILO/TLP agencies similar to that used by the residential providers. Given the delays in fully implementing PBC/QA in the ILO/TLP programs, Co-Chairs Mary Hollie and Deputy Director Miller Anderson have been meeting weekly to coordinate their planning efforts for this aspect of the project.

The ability to solve problems collaboratively and rapidly deploy systemic changes to enhance project implementation.

The Project Steering Committee has continuously demonstrated its ability to identify problems as they surface and work collaboratively to rapidly solve them so that project implementation is not hampered. The development of the Centralized Matching Team (CMT) as described in the second semi-annual report is a direct result of the project's ability to quickly deploy system changes. The redesigned Centralized Matching Team admission and referral process has been facilitated by the electronic transmission of documents using the Department's D-Net web based information system. Private providers now have access to the D-Net for this purpose. Communication procedures were developed to facilitate the transmission of client histories and medical records to maximize the sharing of information thereby enhancing the decision-making process to ensure appropriateness of fit between the client and the treating agency.

New protocols were developed to match children and youth with the agencies most appropriate to meet their treatment needs. Each

agency updated its program plan to provide more specific information about their treatment programs and ability to treat specific populations. The CMT reviews on average 50 youth per week for admission and is tracking trends in capacity, severity level, and external variables such as the admission of youth pursuant to House Bill 0291.

The project has developed a culture of continuous program improvement. During the training of frontline DCFS and provider agency staff on the new Discharge and Transition Protocol, it became apparent to the trainers that the Protocol itself still needed significant revision to make it a useful tool for the field. The workgroup responsible for its development reconvened and resolved issues identified as a result of the training sessions. Their willingness to “return to the drawing board” and fix the problems identified prior to deployment statewide is indicative a climate where feedback – both positive and negative – is encouraged and then used to make necessary system improvements.

A statewide Discharge and Transition Protocol Advisory Council was established to oversee this process and continuously update the protocol based upon feedback received. The Advisory Council is chaired by Deann Muehlbauer of UIC and like all groups involved in this project is comprised of both public and private sector members.

5. Coordination/Collaboration

Project Partners and Entities

There has been no change in project partners since the last reporting cycle. The principle partners remain the Illinois Department of Children and Family Services, the Child Care Association of Illinois, and the Children and Family Research Center of the University of Illinois at Urbana-Champaign.

The existing Child Welfare Advisory Committee (CWAC) structure, as set forth above in Section I.A., which is equally comprised of members from both the public and private sectors, continues to be the vehicle used to implement and refine this project. The Project Steering Committee is responsible for coordination of Subcommittee and Workgroup meetings. As reported by Judge Kearney following her structured interviews of the Project Steering Committee members in late 2007/early 2008, all members believe the use of this existing structure was appropriate and necessary in order to facilitate system change of this magnitude. New task groups, such as the Discharge and Transition Advisory Council and the ILO/TLP Data Test Workgroup have been

formed to resolve specific issues which have surfaced through project implementation.

With its long-standing representation of private child welfare agencies CCAI continues to provide leadership for this project. Chief Executive Office Marge Berglind has made concerted efforts to update private providers about the status of this project by personally attending residential provider meetings, seeking input on pending legislation, and advancing advocacy efforts. CCAI updates its members through the use of a computerized electronic mail system, the dissemination of a weekly report detailing issues of concern to child welfare professionals, and facilitating meetings for stakeholders in the child welfare system. This function has taken on heightened importance during this reporting period given the pending budget cuts and their impact on the entire child welfare system of care. A recent addition to the CCAI web site allows access to updates and advocacy tools for members of the public.

Challenges to Collaborative Activities

This is a statewide demonstration project expanding performance based contracting to three distinct child welfare services: residential and group home services, independent living services, and transitional living services. The providers of these services are located throughout the state. They vary in size from six-bed group homes to large residential campuses. The size and scope of this initiative, by its very nature, has hindered collaborative efforts. Strong efforts were made to ensure that all providers, regardless of their size or geographic location, were given the opportunity to provide input in the development and design phases of the project. These efforts continue during the current implementation phase although they are somewhat hampered by economic and budgetary constraints.

Initially, many of the scheduled CWAC Subcommittee and Workgroup meetings were scheduled at the same time in different locations, making it impossible for interested parties to attend both meetings. The Steering Committee resolved this issue by urging Subcommittee and Workgroup Chairs (who are also members of the Steering Committee) to avoid scheduling overlaps. Although the majority of all project meetings have been held in Cook County, workgroups have made concerted efforts to hold some of their meetings in various locations around the state to encourage attendance by provider and local DCFS staff members who would be unable to attend meetings in Chicago.

Teleconference numbers have been provided for most meetings, but phone attendees continue to report difficulty in hearing the discussions and being able to respond and provide comments. Many smaller agencies

have reported increased travel costs have inhibited their ability to attend project meetings making teleconference their only means of actively participating.

As previously noted above, the two components of this project, i.e. residential care and ILO/TLP are at different stages of development and implementation. Although the residential treatment institutions and group homes serve a large number of older adolescents, and many of these youth ultimately step-down to TLP programs, the differences between the population served by residential agencies and that served by ILO/TLP has become more evident during the course of project implementation. In recognition of the unique challenges each population faces, the Project Steering Committee decided to address only residential issues at the Third Statewide Provider Forum held on April 25, 2008 at Governor's State University. Two separate meetings for ILO/TLP providers were held on May 7, 2008 at the Babyfold in Normal, Illinois and at the DCFS Regional Office in South Chicago on May 8, 2008.

6. Service Outputs

The Illinois model was designed to obtain significant and meaningful input from the private sector throughout the life of the project. As described in Section I.A. above, the model requires the Project Steering Committee, CWAC Subcommittees and Workgroups to develop, implement and monitor the performance measures, fiscal incentives and risk adjustment strategies employed in the performance based contracts. Each meeting listed below was held for a minimum of two hours in duration, with whole or half day sessions held by several workgroups to review products prior to dissemination.

The primary focus of these meetings during this reporting period was to refine the performance indicators and expected agency benchmarks as adjusted for risk and overcome implementation barriers; develop and implement systemic supports to enhance PBC/QA reform; and provider policy oversight and guidance for new protocols developed as result of this project. CWAC Subcommittees and Workgroups were to adhere to the overarching goals of the current expansion of performance based contracting to incentivize shorter lengths of stay in institutional and group care while improving client stability and functioning, allowing for expanded availability of residential care beds for children at earlier stages of their need thereby increasing the likelihood of successful treatment intervention.

The performance measures previously described in detail in the second Semi-Annual Report and used for the demonstration contract period from November, 2007 to June 30, 2008 remain essentially the

same. Performance benchmarks have been refined and updated due to ongoing analysis conducted by the Residential Data Test Workgroup. The agency FY 2009 risk adjusted performance benchmarks for both performance measures, as well as their historical FY 2006 and FY 2007 performance is attached as **Exhibit 10**.

Data from the Department's CYCIS database has been used to determine both the Sustained Favorable Discharge Rate and Treatment Opportunity Days rate. Client discharges from residential facilities are reported monthly to the Residential Monitoring Unit of DCFS. The Residential Treatment Outcomes System (RTOS), which has been under development over the past two years, is now operational. Reports on agency performance on outcome measures are in the process of being deployed. Agencies will be able to monitor their outcomes at both the agency and client levels. This will allow for each agency to conduct internal reconciliations between their data and that kept by the Department. An example of an agency's contract level RTOS report is attached as **Exhibit 11**.

The Residential Provider Performance Based Contracting Guide, which explains in detail how the performance benchmarks were developed and adjusted for risk is attached as **Exhibit 12**. An internal fiscal reconciliation process between the DCFS fiscal staff in Springfield and the Placement and Permanency staff in Chicago has been developed and implemented.

For Independent Living and Transitional Living programs, the long term goals are to increase client self-sufficiency, stability and healthy living practices thereby improving readiness for successful emancipation and transition to a productive adulthood. For the Independent Living and Transitional Living Programs the performance indicators are divided into six domains: education, employment, financial competence, placement stability, planned positive discharge, and engaged in healthy living practices and behaviors. Youth are expected to be enrolled in and attending school, earning credits and making progress towards diploma and/or certificate completion. Additionally, youth will be employed full or part time with individual bank accounts established and active.

Like youth in residential treatment facilities, placement stability has been monitored to determine if youth in the ILO/TLP programs are remaining in care and maximizing treatment opportunity days, or absent from care due to running away, detention or psychiatric hospitalization although the ILO/TLP agencies do not currently have an automated reporting system such as RTOS.

For youth in the Independent Living Program and the highest tier of Transitional Living, performance indicators for placement stability include having no more than two moves in a twelve month period. Youth in these programs are expected to have a lease and utilities in their own name six months prior to emancipation. A planned positive discharge to Independent Living or the Youth in College programs is the preferred outcome for TLP program youth. Successful emancipation in a planned and positive manner is the discharge outcome for ILO. To encourage engagement in healthy living practices, all youth in ILO and TLP programs are expected to remain arrest and detention free. Pregnant and parenting teens are to appropriately care for their children. Youth with substance abuse issues, will engage in substance abuse treatment services.

The proposed performance measures for both residential and ILO/TLP have undergone significant revision since the inception of this project. Several proposed outcomes were discarded because data is not currently captured to measure them or it would be too cost prohibitive to develop data systems to capture them. The Project Steering Committee and the ILO/TLP Workgroup continues to struggle to determine relevant and reliable data sources to assess client functionality. For example, the fidelity of the CAYIT process in the administration of the CANS instrument for use in determining a child or youth's clinical profile at the time of admission to a specific residential care spell remains under question at the present time.

Northwestern University, through a subcontract with Objective Arts, is working on an automated version of the CANS which is expected to increase fidelity once it is operational. Until there is consensus around the use of this instrument for this purpose, it has been determined that it will not be used for performance outcome determination or risk adjustment for the demonstration contract. The new ILO/TLP Data Test Workgroup will be reviewing the current data collection protocols and developing a risk adjustment strategy which will more closely reflect the older adolescent population rather than the residential population.

The Project Steering Committee, CWAC Subcommittees and Workgroups and DCFS Implementation Team performed the following tasks during the course of the meetings held from April 1, 2008 through September 30, 2008:

- Identified empirical factors which impact performance outcomes and for which data is available;
- Refined and finalized FY 2000 residential treatment provider performance indicators, i.e.
 - Treatment Opportunity Days

- Sustained Favorable Discharge Rate;
 - Continued to conduct regression analyses of the identified factors as applied to the population sample;
 - Refined the residential risk adjustment model incorporating the findings of the regression analysis;
 - Disseminated residential agency performance benchmarks adjusted for risk for FY 2009;
 - Began analysis of performance outcome data for entry and exit cohorts to refine performance measures for the FY 2010 contracts;
 - Established a DCFS PBC/QA Implementation Team to coordinate internal DCFS efforts across divisional lines to ensure successful execution of this initiative;
 - Institute the fiscal incentive/disincentive system to incentivize Sustained Favorable Discharge Rates and encourage enhanced Treatment Opportunity Days in the FY 2009 contracts effective July 1, 2008;
 - Implemented a Centralized Matching Team (CMT) to address concerns over appropriate client matching and referrals to private agencies;
 - Revised and implemented the new Discharge and Transition Protocol to enhance appropriate step-downs, clarify agency roles and responsibilities and support youth post-discharge;
 - Established a Discharge and Transition Protocol Advisory Council to provide policy and implementation guidance for the protocol; and
 - Created a new ILO/TLP Data Test Workgroup to develop data collection and monitoring protocols and a risk adjustment strategy similar to the model used in residential care.

The following table reflects the meetings held during this reporting period pertaining to the *Striving for Excellence* project where the project was the principle agenda item:

<i>Committee/Workgroup</i>	<i>Purpose</i>	<i>Meeting Dates</i>
Project Steering Committee	Provide overall project direction and guidance, assign tasks to and review products of the CWAC Subcommittees and Workgroups, make recommendations on PBC/QA implementation	March 13, 2008 April 10, 2008 April 25, 2008 May 15, 2008 June 19, 2008 July 17, 2008 September 18, 2008 October 16, 2008
CWAC High End Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA developed by the Residential Monitoring Subcommittee	March 12, 2008 April 23, 2008 June 12, 2008 August 14, 2008
Residential Monitoring Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA of the Data Test Workgroup	March 19, 2008 May 16, 2008 June 27, 2008 August 8, 2008 September 19, 2008
Data Test Workgroup (Residential)	Refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for residential providers	April 1, 2008 April 15, 2008 May 1, 2008 May 16, 2008 June 27, 2008 July 14, 2008 July 30, 2008 August 7, 2008 August 8, 2008 August 14, 2008 September 8, 2008 September 19, 2008
Discharge and Transition Protocol Advisory Council	Oversee implementation of the Residential Discharge and Transition	August 18, 2008 September 22, 2008

	Protocol	
ILO/TLP Data Test Workgroup	Develop, refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for ILO/TLP providers	September 17, 2008 October 16, 2008
Older Adolescent Subcommittee and ILO/TLP Workgroup⁶	Develop, refine and PBC/QA for Independent and Transitional Living providers	March 20, 2008 April 2, 2008 April 10, 2008 April 16, 2008 April 17, 2008 April 21, 2008 April 25, 2008 May 7, 2008 May 8, 2008 May 13, 2008 May 15, 2008 June 5, 2008 June 19, 2008 July 17, 2008 September 17, 2008 September 18, 2008 October 16, 2008
Finance and Administration Subcommittee	Develop, refine and implement the financial structure for the performance based contracts	March 13, 2008 May 9, 2008 July 11, 2008 September 16, 2008
Residential Provider Group⁷	Provide input and inform the CWAC Subcommittees and Workgroups on	March 28, 2008 April 25, 2008 May 30, 2008 July 11, 2008

⁶ The Older Adolescent Subcommittee and the ILO/TLP Workgroup have held joint meetings at this stage of project implementation.

⁷ The Residential Provider Group is not a CWAC Subcommittee or Workgroup. It is an informal group comprised of residential providers which meets monthly to discuss issues of interest and concern for the provider community. The meetings are held at The Babyfold located in central Illinois and are regularly attended by approximately thirty providers both in person and telephonically. The performance based contracting initiative has been a central focus of this group's meetings during this and previously reported periods and they have provided valuable input to the CWAC Subcommittees and Workgroups, therefore their meetings are noted in this report.

	project impact from the greater child welfare residential provider community	August 15, 2008 September 12, 2008
DCFS Internal Implementation Team	Coordinate DCFS implementation efforts internally	May 22, 2008 May 29, 2008 June 5, 2008 June 12, 2008 June 19, 2008 June 26, 2008 July 10, 2008 July 17, 2008 July 24, 2008 July 31, 2008 August 7, 2008 August 14, 2008 August 21, 2008 August 28, 2008 September 4, 2008 September 11, 2008 September 18, 2008 September 25, 2008 October 2, 2008

7. Lessons Learned from Intervention to Date

Need for a sustained, clear and consistent communication strategy between the public and private sector

Illinois learned from its past experience with the implementation of performance based contracting in foster care case management the necessity of providing meaningful opportunities for both the public and private agencies to engage in dialogue to develop a shared vision of success (McEwen, 2006). Despite the challenges inherent in a project of this size, complexity and magnitude, these opportunities have been provided through the use of the existing CWAC Subcommittee and Workgroup structure.

All members of the Project Steering Committee reported in stakeholder interviews conducted at the end of the first year of this project that this was a critical component of the success achieved to date because it fostered structured monthly communication opportunities between the public and private sectors. The current fiscal challenges being experienced in Illinois and other states across the nation underscore the

need to institutionalize formal communication structures which will survive in times of economic downturn where attendance at face to face meetings in a large state may not be feasible for all stakeholders.

The communication strategies employed have provided valuable information which the Project Steering Committee and Workgroups used to adapt and modify their work processes to ensure additional opportunities for stakeholders to be heard. Communication strategies adopted by the Project Steering Committee include weekly updates by the Child Care Association of Illinois to all association members through its *Monday Report* newsletter disseminated electronically every Monday. The Data Test Workgroup has established an electronic “base camp” to post minutes, reports, relevant research, and meeting notices. Residential and ILO/TLP service providers have disseminated information about the project on their informal list serve which also provides information to non-CCAI members thereby increasing the project’s outreach.

The residential service providers meet separately every month where they are updated on this project during each meeting. Power point presentations given at the Illinois Child Welfare Data Summit and Statewide Provider Forums were posted in the Internet for public review. Flexibility has been a hallmark of project development as it became apparent the scope of this project far exceeded that originally contemplated in the original Illinois proposal submitted to the QIC PCW for funding.

Need for sustained and committed leadership dedicated to project implementation

The Project Steering Committee also noted the need for consistent active involvement of Director McEwen in project activities and implementation given his high level of commitment to this project and the level of trust invested in his leadership ability by both the public and private sectors. As the fiscal situation has worsened for the Department, it has become harder for the Director to attend Project Steering Committee meetings given the need for him to spend a majority of his time in Springfield to respond to legislative and gubernatorial requests for information on fiscal impacts. The current high number of vacancies within the ranks of the Department’s senior leadership has resulted in a significantly increased workload for Executive Deputy Director Denice Murray and her small, but dedicated staff.

On the private sector side, a few Project Steering Committee members were not as actively engaged in this project during this reporting period as the project has moved out of the development phase and into implementation. Attendance at the monthly Project Steering Committee

meetings has declined over all, even though the issues being discussed are increasingly complex and require the attention of all members to ensure appropriate project oversight and guidance.

Need to more effectively and efficiently manage utilization of residential treatment services

During the implementation of the demonstration contracts, problems with the existing CAYIT admission process to residential care became evident. Without the ability to appropriately match a youth to a residential program which will meet the youth's clinical needs, the "no decline" policy established by the Department could not be fairly and effectively operationalized. The Centralized Matching Team is now designed to avoid disparate results occurring at the regional level. Referral documents are submitted and transmitted electronically, thereby streamlining the admission process. Private agencies have updated their service provision profiles and program plans to clearly delineate the types of children and youth they are willing and capable of serving.

This effort, combined with the implementation of the new Discharge and Transition Protocol, addressed problems and gaps in service assessment and provision. It also helped to identify other systems, such as community mental health, education, and foster care case management, which impact residential agency performance. This is even more critical now when the Department and private agencies are beginning to see the impact of House Bill 291 which gives the judiciary the authority to commit youth under the age of 15 who have committed delinquent acts to the custody of DCFS.

In these times of economic decline, where resources are scarce and the cost of residential care continue to rise, it is imperative that services purchased by the state on behalf of vulnerable children and youth be of the highest quality and in the words of Director McEwen, "provide the right service, at the right time, at the right place and for the right price."

Need to establish clear definitions and consistent data collection

Although Illinois has a robust and reliable child welfare data system, with databases maintained by several university partners, definitional issues continue to arise. This required a more substantial evaluation of how agencies and DCFS monitors code specific events in the state's CYCIS and Residential Treatment Outcomes System (RTOS) database. In the last reporting period issues arose over the coding of hospitalizations. Only one code existed for "hospitalization" which applied to both psychiatric hospital admission and admission to a medical/surgical hospital. If a child was absent from a residential program

because of admission to a medical facility for a surgical procedure an agency should not be penalized for failure to have the child in care, i.e. this type of absence should not impact the “treatment opportunity days” performance measure.

During this reporting period issues arose over the recording and coding of reasons youth were absent from care. The Department struggled internally with developing a clear mechanism to supplant the previously used 906 forms. The Residential Performance Based Contracting Financially-Related Frequently Asked Questions document took over three months to develop and was finally posted at the end of this reporting cycle.

The decision to, in essence, separate the residential component of this project from the ILO/TLP component is a recognition that the two programs are at very different stages of program implementation. The main cause of this was the lack of clear and consistent data protocols and a means by which to automate and report on the status of performance outcomes. Although this work is now being assigned to the new ILO/TLP Data Test Workgroup, it has been significantly delayed.

Need for transparency in fiscal penalties and incentives.

Transparency in the development of the fiscal structure for this project has been critical. The DCFS Implementation Team, established in May 2008, has spent a considerable amount of time fleshing out the broad fiscal concepts laid out by the Finance and Administration Subcommittee and the Project Steering Committee. They developed the Frequently Asked Questions document to help providers understand the relationship between their performance on the two outcome measures and their potential fiscal penalties and rewards. With the development of the new RTOS reporting mechanisms, agencies will have the ability to closely monitor their performance and calculate their potential penalties for failure to reach their benchmarks for Treatment Opportunity Days Rate and their potential reward for exceeding their benchmarked Sustained Favorable Discharge Rate.

Recognition this is “a work in progress”

Anxiety continues to rise on the part of both the Department and the provider community over the national and state economic picture. There is growing recognition that even if current Illinois budget cuts are restored by the General Assembly and the Governor, the impact on both the public and private sector agencies is still significant as staff have already been laid off and programs are closing. The lack of community based system of care services will impact the effectiveness of step-down

placements to less restrictive settings. as the project moves from the demonstration contract period to full implementation.

The Project Steering Committee has discussed the role they should play in alleviating this anxiety and increasing their educational outreach efforts to ensure everyone fully comprehends the performance expectations and individual agency benchmarks set. Concerns reported in the last reporting period continue to persist over the consistency of the message being delivered both internally and externally. The Project Steering Committee continuously strives to let all child welfare providers and stake holders know this “is a work in progress.” Change will not be driven by anecdotes, but by data. The CWAC Subcommittee structure provides all parties with a feedback loop which allows for in-depth analysis and discussion of all aspect of this project.

III. Outcome Evaluation

Evaluation Overview

There has been significant progress on the Illinois project evaluation during this past reporting period. This statewide demonstration project does not have a treatment control site. Because of the substantial investment the State has made in reliable databases, the project can use historical data for a pre- and post- intervention analysis of performance outcomes. The Residential Treatment Outcomes System (RTOS) will be used to generate performance reports at the contract and agency level. **Exhibit 10** shows the historical performance of the residential agencies participating in this project for FY 2006, FY 2007, the first and second quarters of FY 2008 and the performance benchmarks adjusted for risk for FY 2009.

The project evaluation plan includes multiple data collection methods relevant to the five federal research questions. Unlike the previous Illinois performance based contracting initiative for foster care case management every stage of the implementation process has been documented in descriptive evaluation notes from initial concept design through the development and implementation of the demonstration and FY 2009 performance based contract. Individual structured interviews of both the public and private members of the Project Steering Committee were conducted by Judge Kearney in December 2007 and January 2008 to explore individual members’ perceptions of the collaboration and planning process during the first year of this grant. These interviews will be repeated in December 2008 and January 2009 to document perceptions of critical stakeholders post-implementation and provide insight into the transition from the planning to implementation and monitoring phase of the project. Given the contextual variables inherent in a project of this

type, environmental scans are conducted every six months to determine if other socio-political factors may be influencing the evaluation results obtained.

Additional perceptual data was obtained through the administration of the cross-site instrument developed by the QIC PCW evaluation team entitled the “Staff Survey Regarding Training, Supervision and Evidence Informed Practice.” The survey inquires about how frontline staff measure and promote client outcomes in their work, clinical supervision and its impact on practice, training, quality assurance and improvement activities. This survey was administered to five different classifications of workers employed by Illinois private child welfare agencies providing residential, ILO and TLP services for children and youth. Sixty-four private residential agencies with which the Department has contacts for FY 2009 for placement of children and youth were asked to participate in this survey. Recruitment letters were sent to the private agency chief executive officers urging their participation in this evaluation. One residential agency refused to participate citing recent DCFS initiatives including the transition to a “fee for service documentation and billing system” (required by Medicaid) as their reason for electing not to participate.

Staffing estimates for residential, ILO and TLP agencies were obtained from DCFS based upon their contractual requirements to ensure adequate staffing ratios of frontline staff and supervisors to the number of children placed. Residential agencies are classified as *mild*, *moderate* or *severe* based upon the clinical severity of the children and youth they serve. Each of these classifications has a different staffing ratio required with the highest level of staffing required for the severe agencies. Each private agency determines the duration of the shift to be worked. Most agencies use five 8 hour shifts or four 10 hour shifts per week as the equivalent to 1 FTE (full time equivalent) for residential staff. Additionally, each agency must have extra staff to cover for personnel absent due to sick leave, vacations, court hearings, and personal leave.

Staffing estimates were calculated for each agency and surveys sent to agency executive directors with self-addressed stamped envelopes for the participants to return their surveys anonymously. For frontline residential staff, all first and second shift workers in agencies classified as *mild* were offered the opportunity to participate. This is because there are fewer agencies serving children classified as mild and the mild agency staffing ratio is much higher, thereby fewer staff members are required for supervision of the children and youth. For frontline residential staff employed by agencies classified as *moderate* or *severe*, one half of the first and second shift workers were offered the opportunity to participate.

The Project Steering Committee is particularly interested in knowing what variances in practice exist, if any, between those agencies providing services to children and youth in Cook County versus those agencies providing services to children and youth in all other Illinois counties, referred to by Illinois child welfare stakeholders as “downstate” agencies. In order to ensure a representative sample from mild, moderate and severe agencies, as well as from agencies located geographically in both Cook County and downstate, and to enhance overall statistical power, it was determined that all residential frontline supervisors, would be surveyed.

Although the frontline staff and supervisor survey return rate was at 36.6%, when the Project Steering Committee was consulted about how to increase participation for the FY 2009 administration, they indicated the estimated staffing ratios used to determine the potential number of frontline staff members to be surveyed may have been calculated at too high a rate, therefore the return percentage rate may actually be much higher than 36.6%. Residential providers also reported being confused about their classification level and whether they should have administered the survey to all of their frontline staff or only half as directed for the moderate and severe agencies. In order to increase the return rate for the FY 2009 administration, the evaluator will consider offering the survey to all frontline staff regardless of the program’s level of severity.

The “Quality Improvement Survey” developed for cross-site purposes by the QIC PCW was administered to the person in each residential, Independent Living and Transitional Living Program who has the most knowledge of and responsibility for quality assurance and/or quality improvement activities within that agency. There are 18 residential treatment agencies and 20 ILO/TLP programs in Cook County; 24 residential treatment agencies and 20 ILO/TLP programs are located outside of Cook County. In smaller agencies, i.e. those with less than a ten bed capacity, it was expected the person most knowledgeable of quality assurance and improvement activities may be the Chief Executive Officer, Chief Operating Officer, or Administrative Director. For larger facilities, a specific position existed wherein a designated employee is responsible for fulfilling these duties.

A mixed method approach is being utilized to evaluate this project. The October 2008 – September 2009 evaluation matrix is attached to this report as **Exhibit 13**. Designed in consultation with the cross-site evaluation being conducted by Pal Tech for the National QIC PCW, it utilizes the following methods to obtain data for the five federal research questions:

Q1 Collaborative Planning Process	Q2 PBC/QA Necessary Components	Q3 Outcomes Better under New System	Q4 Contextual Variables	Q5 Program Features and Evolvement of Monitoring Over Time
<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ Focus Groups (P) ▪ Observation of Process and Notes (D) 	<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ QI (P) ▪ QA(P) ▪ Contract Monitoring (P) ▪ Agency Assessments (D) 	<ul style="list-style-type: none"> ▪ Pre- and Post-Administrative Data (O) ▪ Focus Groups (P) 	<ul style="list-style-type: none"> ▪ Scans of Environment Every 6 Months (D) ▪ Focus Groups (P) ▪ Agency Assessments (D) 	<ul style="list-style-type: none"> ▪ Surveys (P) ▪ Interviews (P) ▪ QI (P) ▪ QA (P) ▪ Contract Monitoring (P)

O = Outcome P= Perceptual D= Descriptive

The evaluation plan for FY 2009 includes the addition of in-depth agency assessments of the three highest performing residential agencies and two lowest performing agencies on the contract performance measures. Dr. Dean Fixsen’s implementation assessment tool will be utilized to obtain descriptive data and determine if correlations can be drawn between agency implementation drivers (such as training, hiring, coaching, etc.) and successful outcomes. If Dr. Jordan is successful in obtaining NIMH funding, additional data may be obtained and shared pertaining to organizational climate.

A. Research Question 1: Does an inclusive and comprehensive planning process produce broad-scale buy-in to clearly defined performance based contract goals and ongoing quality assurance?

Documentation of the Illinois project as it has progressed from initial concept through the design and development of the proposed performance measures through initial implementation has been kept by Judge Kearney. She has attended all of the Project Steering Committee meetings and many of the meetings held by the Workgroups responsible for the work to observe and record the interaction between the public and private members as they strive to reach consensus on performance standards and implement the demonstration contracts. She also attends the DCFS Implementation Team meetings telephonically each week unless she is in Chicago whereby she attends these meetings in person.

All participants in the first Statewide Provider Forum in June 2007 were administered a survey developed to assess collaboration by the QIC PCW national cross-site evaluation team in partnership with local site evaluators. The Wilder Collaboration Factors Inventory, based upon

research examined by Mattessich, Murray-Close and Monsey (2001) was used to establish a baseline of perceptual data from all residential, ILO and TLP providers present for the first Forum on the collaborative planning process. This established the baseline perception of residential, ILO and TLP providers and a limited number of DCFS staff prior to the demonstration contract terms being established, negotiated and measured. Overall, the findings reflected positively on the private sector providers' view of the collaborative process at this stage of project development. Discussions within the Steering Committee attribute these relatively high scores to the constructive working relationship which has been forged over time between the public and private sectors through the CWAC Committee process.

The highest scores on the 2007 baseline administration of the Wilder instrument indicate that those surveyed believe the time is right for this collaborative project, their organization will benefit from being involved in it, and that no single organization could accomplish such a project by itself. The lowest score, not surprisingly, centers on not having enough funds to do what needs to be accomplished. The other low score was in response to the statement "people involved in this collaboration always trust one another." The use of the word "always" on the instrument may have skewed this response.

The Wilder Collaboration Factors Inventory was administered for the second time at the Third Statewide Residential Provider Forum on April 25, 2008. It was also administered at two separate Provider Forums for ILO/TLP providers on May 7, 2008 in Normal, Illinois and May 8, 2008 in Chicago. Early analysis reflects similar results as those obtained in 2007. Further analysis on factor structure and subscale reliabilities are needed and are being conducted in consultation with Pal Tech. Comparative results will be included in the next Semi-Annual report.

B. Research Question 2: What are the necessary components of performance based contracts and quality assurance system that promote the greatest improvements in outcomes for children and families?

The Staff Survey Regarding Training, Supervision and Evidence-Informed Practice and the Quality Improvement Surveys were administered to private frontline staff and supervisors as well as the person with most knowledge of and responsible for quality assurance and/or improvement in each private agency. As discussed above, the staffing estimates may have been calculated at too high a rate. Nevertheless there was a 36.6% return rate for the Frontline Staff Survey and a 51.5% rate of return for the Quality Assurance Survey.

Preliminary analyses have been conducted in consultation with Pal Tech to create the baseline. As reported by Pal Tech in their semi-annual report, frontline staff and supervisors were generally aware of their agency performance outcomes, believed those outcomes to be the correct ones to measure performance and understood how well their team performed. They were less likely to believe that the data their agency collected was adequate to understand the work they did with clients and families (Cross Site Evaluation, September 2008).

More in-depth analyses are being conducted at the present time and will be discussed in the next Semi-Annual report. There is some indication in early analyses that the residential agencies do not view themselves as being part of the child welfare system as a whole. This issue will be more fully explored in focus groups planned for late 2008 and early 2009. Additionally, the 2009 evaluation plan includes in-depth agency assessments using Dr. Dean Fixsen's Implementation Assessment Tool wherein the quality assurance/quality improvement systems of the three highest performing agencies and the two lowest performing agencies will be examined in depth to determine if specific agency factors and characteristics influence outcomes for children.

C. Research Question 3: When operating under a performance-based contract, are the child, family and system outcomes produced by private contractors better than those produced under the previous contracting system?

Discussions have been ongoing between Pal Tech, the Children and Family Research Center and the Department of Children and Families on the child level outcomes to be evaluated for this project. Given the unique nature of the Illinois project, and the targeted populations being evaluated, it is not possible to use Child and Family Services Review (CFSR) data for comparison cross site. The likelihood of a child or youth in residential care being selected for inclusion in the upcoming second round of the CFSR is extremely small, and if selected, this child would not be representative of the entire population.

It was decided that client level data pertaining to the Illinois residential population on Sustained Favorable Discharge Rate and Treatment Opportunity Days Rate would be reported. The format of this report has yet to be determined and client confidentiality will be preserved. The Department has the capacity to obtain historical, i.e. pre-test data on individual clients impacted by this project. The measurement methods are currently under development in partnership with Pal Tech and the Children and Family Research Center, therefore the baseline for this research questions has yet to be determined and there is no current data to report at this time.

Agency and contract level outcomes for residential agencies are available through the Residential Treatment Outcomes Systems (RTOS). **Exhibit 10** attached contains a table of agency historical performance for FY 2006, FY 2007, Quarters 1 and 2 of FY 2008, and the FY 2009 performance benchmarks for both Treatment Opportunity Days Rate (TODR) and Sustained Favorable Discharge Rate (SFDR)

D. Research Question 4: Are there essential contextual variables that independently appear to promote contract and system performance?

Data for this question is captured through environmental scans done every 6 months by Judge Kearney. The contextual variables for this reporting period are those discussed in Sections II.A.2. and 3. above and include the following:

- Budgetary cuts to foster care case management, DCFS staff, substance abuse treatment, and children’s mental health services increase likelihood of system-wide impact to residential treatment agencies;
- Enactment of HB 0291 impacts admission to residential care by giving juvenile courts the authority to order placement of delinquent youth under the age of 15 into Department custody;
- Passage of HR 6893 “Fostering Connections to Success & Increasing Adoptions Act of 2008” by Congress supports Illinois child welfare programs including kinship caregiver supports previously being offered by a waiver expiring in 2009, assistance to foster youth up to the age of 21, and short term training of private non-profit child welfare workers.
- Full implementation of the Centralized Matching Team to centralize, automate and streamline the residential referral and admission process;
- Refinement and implementation of the Discharge and Transition Protocol designed to clarify the roles and responsibilities of the residential agency and the post-discharge placement; and
- Changes in leadership and reorganization of the Illinois Department of Children and Family Services.

A bill pertaining to performance based contracting passed both houses of the General Assembly during this legislative session. Senate Bill 2505 mandated that DCFS include sufficient funds in future legislative budget requests to cover the true costs of residential care. Although the bill passed, it contained language regarding rule making authority which delayed and ultimately effected its enactment. According to the Illinois Child Care Association, the issue will be readdressed in the next legislative session.

E. Research Question 5: Once implemented, how do program features and contract monitoring systems evolve over time to ensure continued success?

See response in III.B. above.

F. Other Site Specific Research Questions

The issue of geographic differences in service delivery has arisen consistently during discussions held by the Project Steering Committee and in the CWAC Subcommittees and Workgroups. Providers from “downstate” (i.e. anywhere in Illinois that is not in Cook County) have discussed the challenges they face in not having services readily available to allow youth to step down from residential facilities. For agencies where a statistically valid sample was obtained which would not allow for the identification of specific individuals in order to maintain their anonymity, the local evaluator will have the capacity to report on survey results by agency and by geographic location. Analyses are ongoing at the present time and will be reported to the Department and Project Steering Committee when completed.

IV. Sustainability

The Child Welfare Advisory Committee structure has been in existence for over a decade and provides the appropriate forum to address public/private child welfare partnership issues of a systemic nature. The CWAC Subcommittees and Workgroups were working on performance improvement issues prior to this initiative for both the residential and ILO/TLP populations. The PBC/QA project is consistent with these efforts and will continue to be monitored by these Subcommittees after the life of this federal grant.

V. Dissemination

A. Publications

An article on this project has been published by the Center for Social Work Research at the University of Texas at Austin in its peer-reviewed journal (Kearney & McEwen, 2007). The article, entitled *Striving for Excellence: Extending Child Welfare Performance Based Contracting for Residential, Independent and Transitional Living Programs in Illinois* describes the process used to plan, develop and implement this project.

The CCAI continues to report on the progress of this initiative in its *Monday Report* weekly which is disseminated to its members via e-mail and on the CCAI website. This vehicle has been used to update all CCAI member agencies on the status of this project.

B. Presentations and Dialogue

This project has caught the interest of national organizations and has several presentations and meetings to report during this period including:

- Illinois Child Welfare Researchers Data Summit, May 14, 2008, Chicago, Illinois. Presentation on residential risk adjustment strategy developed for this project by Brice Bloom-Ellis, Dr. Alan Morris, Dr. Neil Jordan and Dr. Andy Zinn of the Residential Data Test Workgroup.
- Child Welfare League of America Midwest Executives Retreat, July 2008, Saint Louis, Missouri. Presentation on Project Overview by Director McEwen and Deputy Director Miller Anderson.
- The National Child Welfare Data and Technology Conference, July 21, 2008, Washington, DC. Presentation of Project Overview by Judge Kathleen A. Kearney, Project Evaluator.
- Children's Bureau Briefing, July 23, 2008, Washington, DC. Presentation of project overview by Judge Kathleen A. Kearney, Project Evaluator.
- National Summit on Public/Private Partnership, September 24-25, 2008, Lexington, Kentucky. Presentation on CWAC Committee Structure and Illinois Public/Private Partnerships by Mary Hollie, CEO Lawrence Hall Youth Services and Deputy Director Miller Anderson, DCFS.
- National Summit on Public/Private Partnership, September 24-25, 2008, Lexington, Kentucky. Presentation on Project

Overview by Director Erwin McEwen and Brice Bloom-Ellis of DCFS and Judge Kathleen A. Kearney, Project Evaluator.

- 2008 Texas Child Care Administrators Annual Conference, Texas Alliance for Child and Family Services, October 14-16, 2008, Austin, Texas. Presentation by Marge Berglind on Performance Based Contracting in Illinois. **(Scheduled and confirmed)**
- American Association of Children's Residential Centers Annual Conference, October 29-November 1, 2008, San Diego, California. Presentation by Brice Bloom-Ellis and Dr. Alan Morris on Residential Project Overview. **(Scheduled and confirmed)**

Two abstracts to present at the 17th Annual Child Abuse and Neglect Conference in Atlanta, Georgia in March, 2009 were prepared and submitted on behalf of the Illinois project. Director McEwen, Mary Hollie and Judge Kearney proposed to present on fostering public/private partnerships in developing the Director's protective timeline for children and families. Judge Kearney, Dr. Neil Jordan, Dr. Alan Morris and Brice Bloom-Ellis have proposed to present on the project overall and the development of the residential risk adjustment strategy. Director McEwen has also been included in the National QIC PCW proposed abstract where he will present on the status of the Illinois project.

VI. Conclusions and Recommendations

A. Recommendations for policy makers and program makers

Extension of the QIC-PCW and Illinois Demonstration Project

The data which has been and will be collected and analyzed for this project has significant national implication. All states are struggling with meeting the needs of older adolescents with multiple service needs. The ever increasing fiscal demands placed on state and local child welfare systems mandates the effective use of the limited resources allocated to serve children and families. The Illinois project has now been bifurcated into two separate components. The residential project, while currently underway, will need at least 3 full years to determine its efficacy. The ILO/TLP component has not yet been fully implemented and is approximately one year behind residential. There will be very little relevant outcome data obtained by the time the grant expires.

The recent National QIC PCW Forum demonstrated the national interest in the findings of the demonstration site projects and the need for a

national dissemination strategy which extends beyond the current life of the grant.

Institutionalization of a Collaborative Planning Process

As previously reported in prior Semi-Annual reports and highlighted in the presentation by Mary Hollie and Miller Anderson at September, 2008 QIC PCW Summit in Lexington, Kentucky, the planning and implementation phase of this project has underscored the need to establish and institutionalize a mechanism through which leaders from both the public and private sector can engage with one another and seek shared solutions to child welfare policy and practice problems. A safe venue where critical thinking can be done through dialogue – which at times may be challenging and provocative – is an essential requirement for effective planning and realistic assessment of implementation barriers and potential solutions to overcome them. The existing CWAC Committee structure was the appropriate venue for a project of this complexity in Illinois.

The level of trust in the collaborative process reflected in the interviews of the Project Steering Committee is indicative of the success of the institutionalization of such a forum in Illinois which gives meaning to the public/private partnership prior to undertaking such an aggressive project as this. State and local child welfare systems who seek to use performance based contracts as a strategy to improve child welfare outcomes should consider establishing a structure similar to CWAC prior to undertaking efforts such as this one.

B. Recommendations concerning QIC activities

The working relationship between the National QIC PCW and the Illinois site has been excellent. Dr. Crystal Collin-Camargo, Jennifer Hall, and Judy Evans-Pack the University of Kentucky staff have been extremely responsive to our needs. The Project Steering Committee benefited from the onsite project meetings and the questions posed by the Associate Director of the National QIC PCW during the meetings she attended. The joint project meetings have been helpful in allowing all sites to learn from one another. Although the scope and breadth of the Illinois demonstration site is very different from those of Missouri and Florida, the opportunity to share and receive information has been very helpful in the development of this project. We recommend that joint meetings be held at least two or preferably three times per year to allow for enhanced dialogue between all parties.

Dr. Teri Garstka and Dr. Brian Yoder of Pal Tech have facilitated monthly project evaluator calls during this reporting period which have

assisted in resolving data collection and analysis issues. Dr. Garstka has been particularly helpful in assisting Illinois in site specific analysis.

Dr. Dean Fixsen's presentation at the all site project meeting in Tampa, Florida on April 18, 2008 was the catalyst to establish the DCFS internal Performance Based Contracting Implementation Team. Technical assistance from Dr. Fixsen regarding the use of his Implementation Assessment Tool may be necessary in the Summer of 2009 when agency assessments are to be conducted.

List of Attached Exhibits

1. *Striving for Excellence* Illinois Project Logic Model Revised September 30, 2008.
2. *Striving for Excellence* Illinois Project Work Plan October 1, 2008 to September 30, 2008.
3. *Striving for Excellence* Project Steering Committee Members as of September 30, 2008.
4. Illinois PBC/QA Baseline Master Survey Administration and Return List 2008.
5. Draft Discharge & Transition Protocol as of September 18, 2008.
6. Child Welfare Data Summit and Planning Document, May 14, 2008.
7. Illinois DCFS Organizational Chart, September 2008.
8. Residential Performance Based Contracting Frequently Asked Financial-Related Questions September 30, 2008.
9. Data Test Workgroup Power Point Presentation on Deconstructing Sustained Favorable Discharge Rate, September 19, 2008.
10. Residential Performance: PBC Baseline FY 2009 Benchmarks
11. Sample Residential Treatment Outcomes System (RTOS) Outcome Measurement Report.
12. Residential Performance Based Contracting Guide, Fiscal Year 2009.
13. *Striving for Excellence* Evaluation Matrix October 2008 – September 2009

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