

**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***

**December 1, 2010**

**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, School of Social Work of the University of Illinois at Champaign-Urbana (CFRC) expanded Illinois' existing performance based contracting initiative to private contract agencies providing residential, group care, independent and transitional living services. The selection of Illinois as a national demonstration by the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) made the documentation and evaluation of this project possible. 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; this project allowed for the expansion of its use to other populations served by the child welfare system.

Despite the alleged success of the foster care case management performance based contracting 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).

Findings from the Round 2 CFSR site visit held in August, 2009, indicate that these concerns remain. For Permanency Outcome 1, only 12.5% of cases reviewed were deemed to have substantially achieved this measure. The state

continues to struggle with stability in placement, and the appropriateness and timeliness of permanency goals, particularly for older adolescents. Illinois currently serves approximately 2,400 children and youth in residential, independent and transitional living programs. This population has increased slightly during the past two years, markedly in residential care.

Prior 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 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.<sup>1</sup> 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 less restrictive settings 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). It is important to note this study included youth who were placed in shelters while they awaited assessment and treatment, which could have inflated the finding. Nevertheless, there is consensus that the rate of placement in a more restrictive setting following discharge from residential care is unduly high.

The Children and Family Research Center (CFRC or the Center) of the University of Illinois at Urbana-Champaign prepares an annual monitoring report on the conditions of children in or at risk of foster care in Illinois as a mandate of the *BH v. McEwen* consent decree. The most recent report containing data from calendar year 2009 reflects downward trends in placement stability for children 15 years and older. The Center reports that 91% of children aged 12 to 14 were stable in FY 2008, only 71% of children 15 and older were stable (Fuller & Kearney, 2010). African American children constitute over half of the youth who run away from placement. Children and youth residing in Cook County are more likely to run away than children placed outside of the greater Chicago area. Gender differences

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<sup>1</sup> “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.

continue to be indicated with teen females having higher rates of instability in placement.

The Center's recent *BH* monitoring report published in July, 2010 contains new information about child well-being which demonstrates the complexity of the services needs of children. Illinois has invested in the Illinois Survey of Child and Adolescent Well-Being (ISCAW). Using the same methodology for data collection and analysis as the National Survey of Child and Adolescent Well-Being (NSCAW), ISCAW is the first study to track over time the well-being of an entire range of children who become involved with Illinois DCFS because of a substantiated allegation of abuse and/or neglect (Fuller & Kearney, 2010). Emotional and behavioral problems are common. Over half of the adolescents in the ISCAW sample have engaged in delinquent behavior in the past 6 months; 41% have used alcohol. The Center's researchers have identified the gap in the availability of mental health services for children in foster care as a major issue. Further analysis using the ISCAW sample is being conducted to assess how well delivery of mental health services matches identified needs. This analysis will have bearing on the Department's on-going efforts to develop a more integrated system of care as described in Section A.II.4. below.

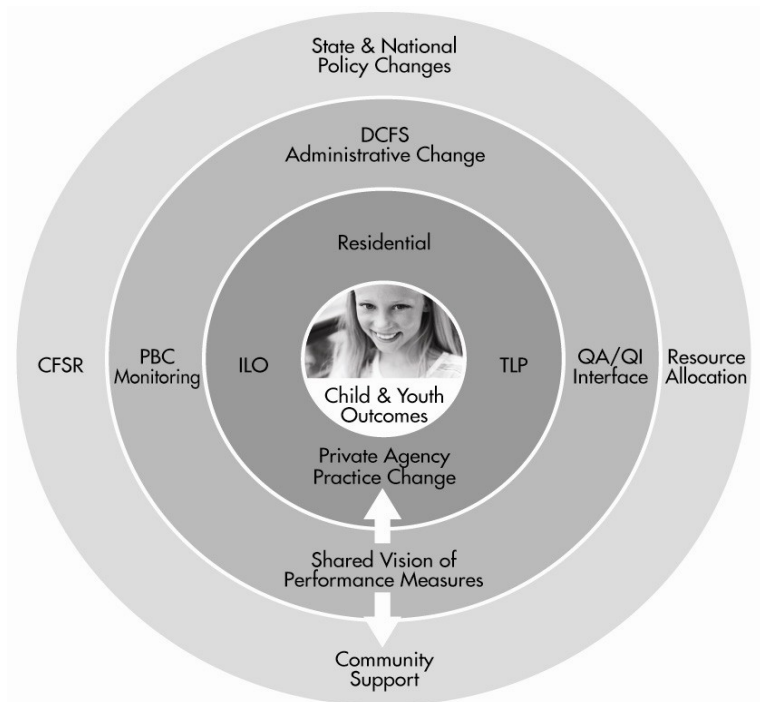
Illinois' successful past experience with performance based contracting in foster care case management led DCFS to believe that the expansion of performance-based contracting and its related quality assurance initiatives into the provision of residential services, independent living (ILO) services and 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 children in care by "right sizing" the system. Achieving permanency goals and outcomes were – and remain – the focused priorities of these contracts.

The *Striving for Excellence* project shifted the focus to child well-being. The overarching goals of the expansion of PBC/QA to residential care was 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 *Striving for Excellence* project was 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 also took 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 ( P.L. 110-351) all of which will had a significant impact on this project.

At the inception of this project DCFS Director McEwen, DCFS Senior Leadership and the Project Steering Committee strongly believed that improved communication between the public and private sectors, as well as with the community at large, would ultimately improve outcomes for children and youth. This theory of change is best represented in the diagram set forth below in **Figure 1**:



**Figure 1: Illinois Theory of Change Model**

The project logic model has been revised to incorporate the latest thinking of the Project Steering Committee and the continuation of the project without the funding provided by the QIC PCW. See **Exhibit 1, *Striving for Excellence*** Illinois Project Logic Model as revised December, 2010.

During prior reporting cycles significant changes in state and federal policy occurred. Congress passed HR 6893 “Fostering Connections to Success and Increasing Adoptions Act of 2008” which was signed into law by then President Bush and incorporated into P.L. 110-351. This legislation significantly impacts the Illinois child welfare system by amending 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 allow Title IV-E training funds to be used for private non-profit child welfare workers and juvenile court staff. Illinois had a Title IV-E waiver for kinship care which expired on October 1, 2009. P.L. 110-351 has been deemed critical to the entire Illinois child welfare system because it will allow the current kinship care system previously 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. A significant effort is being made by the Department and private purchase of service (POS) agencies to license kinship homes in order to qualify for federal funds. Although the Department did not meet its self-imposed targets for licensing during this reporting cycle, efforts continue to maximize this source of revenue.

During the last reporting period, Congress passed the Patient Protection and Affordable Care Act of 2010 (PPACA), P.L. 111-148, commonly referred to as the “health care reform” act. Although Administration officials indicated publicly there are implications for older adolescents in the child welfare system, it still remains unclear at the time of the writing of this report what provisions, if any, will apply to this population.

Legislative and executive changes have occurred at the state level as well. In prior reports it was noted that 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. This has resulted in increased concerns about the ability of the child welfare system to adequately care for youth who are both delinquent and dependent. Although the numbers of youth committed to the Department in this manner has remained relatively low, those who have been committed have been ordered into residential care for treatment without utilizing the Child and Youth Investment Team (CAYIT) mechanism for admission. The proposed merger of the Illinois Department of Juvenile Justice into the Illinois Department of Children and Families, as directed by Governor Pat Quinn through executive order, continues to be a major issue for both the public and private sectors. Executive Deputy Director Denice Miller has been leading the planning efforts. DCFS Deputy Director for Operations Arthur Bishop has been named the Acting Director of the Department of Juvenile Justice.

During this reporting cycle legislation was enacted which put in place a mechanism by which capital improvement grants can be awarded to residential service providers through a grant program administered by DCFS. At the time of the writing of this report, rules are being promulgated to enact this legislation. Funding will be contingent upon legislative appropriation, which remains unlikely at the present time given the state's current budget deficits. The Department was also successful in obtaining passage of legislation which allows them to retain funds earned as a result of Medicaid draw downs in the Children's Services Funds. Without the passage of this legislation, the Medicaid funds recouped due to provider billing would have been returned to the state's general revenue fund and subject to appropriation elsewhere. Both of these bills were strongly supported by the private sector agencies and the Child Care Association of Illinois.

In earlier project reporting periods the lack of financial resources to support project implementation had not been an issue. During the past three reporting cycles substantial budget reductions by the State of Illinois impacted the entire system of care and budgetary constraints threatened to derail this project in its entirety. Potential cuts to the Department of Children and Family Services budget were imminent at the start of FY 2010 until forestalled by federal court action in the case of *B.H. et al v. McEwen*. During the last reporting cycle, federal legal proceedings related to residential care in California were described. During this period, another federal lawsuit pertaining to payment for children's services has been filed in the State of Indiana.<sup>2</sup> Further discussion is presented below in Section II.A.3. This case may be of greater significance since both Illinois and Indiana are under the jurisdiction of the 7<sup>th</sup> Circuit Court of Appeals and this suit pertains specifically to rates paid to residential treatment providers.

The *Striving for Excellence* Project, through the CWAC subcommittees and workgroups, the Department of Children and Family Services and the provider community as a whole, completed the following tasks during the past three years of project operation:

- 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 Illinois Child Welfare Data Summits to bring university partners and representatives of child welfare data repositories together to review existing data sets, discuss implementation challenges and make

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<sup>2</sup> See *California Alliance of Child and Family Services v. Allenby*, \_\_\_ F.3d \_\_\_, 2009 WL 4755730 (9<sup>th</sup> Cir. Dec. 14, 2009) and *California Alliance of Child and Family Services v. Allenby*, No. C06-4095 MHP (N.D. Cal. February 23, 2010.)

recommendations to the Department of Children and Family Services and the Child Welfare Advisory Committee (CWAC) about child welfare system reform including residential and ILO TLP program services;

- 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 and the address barriers and challenges identified throughout project implementation;
- Facilitated 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 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 for residential treatment services effective July 1, 2008 and continued to refine contractual terms during the course of FY 2009 to address systemic issues as they arose;
- Evaluated the results of the first full year of implementation of performance based contracts and adjusted performance benchmarks for the FY 2010 contracts based upon the findings;
- Notified residential agencies of penalties to be assessed for failure to attain performance benchmarks during the FY 2009 contract period and established a data reconciliation and collection process;
- Created a reconciliation panel to make findings of fact related to residential provider performance when disputes arose over the assessment of penalties or awarding of fiscal incentive payments between the Department and providers;
- Assessed penalties for failure to attain performance benchmarks in FY 2009 against 24 agencies amounting to over \$712,000;
- Determined eligibility for and distributed performance incentives for residential agencies for exceeding FY 2009 performance benchmarks amounting to over \$4.2 million;

- Established data collection protocols and reporting mechanisms to support the implementation of ILO/TLP performance measures developed and incorporated into the FY 2010 contracts;
- Determined ILO/TLP individualized agency performance benchmarks and executed performance based contracts for ILO/TLP services for FY 2010;
- Determined criteria for determining and awarding fiscal incentives to ILO/TLP agencies successfully achieving FY 2010 performance benchmarks;
- Established a reconciliation process through which data discrepancies can be addressed for ILO/TLP contracts;
- Created an internal DCFS Implementation Team to cut through administrative barriers and silos across Department divisions to facilitate effective implementation of fiscal, programmatic, operational and quality assurance changes resulting from this project;
- Faced problems caused by decisions made by lack of state funding to support the payment of incentives earned by residential, ILO and TLP agencies pursuant to their FY 2010 contract performance and explored options to continue project viability for FY 2011 and beyond;
- Engaged in separate public and private sector strategic planning sessions in FY 2010 and FY 2011 to set the future course for residential treatment services in Illinois and to establish a more coordinated system of care; 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, 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 has remained intact throughout the life of the project.

Illinois formally institutionalized its child welfare public/private partnership 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 outcome measures, fiscal penalties and incentives, risk adjustment strategies and contract negotiation. The CWAC is co-chaired by Director McEwen and as of November 2010 by Mary Shebazian. The *Striving for Excellence* Illinois Project Steering Committee was established in January 2007 to provide overall project guidance, coordination and direction. It continues to be co-chaired by Illinois DCFS Executive Deputy Director Denice Murray and Margaret Vimont, Chief Operating Officer of Jewish Family Services.

### **Figure 2: Illinois Child Welfare Advisory Committee (CWAC) Structure**

Within the existing CWAC structure several standing committees have jurisdiction over various aspects of this project. **Figure 3** below depicts the organizational structure of this project and the relevant CWAC subcommittees and workgroups in existence as of December 1, 2010.

### **Figure 3: Illinois *Striving for Excellence* Project Organizational Chart**

## December, 2010

Three standing CWAC Subcommittees currently work on this project. The Comprehensive High End Subcommittee (commonly referred to as “High End”) 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 Michael C. Jones, Associate Deputy Director of the DCFS Permanency and Placement Division. The Residential Performance Monitoring Workgroup, co-chaired by Dennis Wiley of Onarga Academy and Norman Brown, Director of Residential Performance Monitoring for DCFS, is responsible for systemic improvement and quality assurance monitoring for residential treatment programs.

The Residential Data Test Workgroup, which reports to the Residential Performance Monitoring Workgroup, is tasked with examining and refining the specific outcome measures, data sources, and recommendations for risk adjustment. The Residential Data Test Workgroup has been, and will continue to be, 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. Karen Rousey, Co-Chair of the High End Subcommittee and Dennis Wiley, Co-Chair of the Residential Performance Monitoring Workgroup also serve on the Data Test Workgroup, which enhances the communication between all of the groups working on this project. A subgroup of the DTWG was established to work specifically on the risk adjustment model. Comprised of academic partners from Northwestern, Chapin Hall and the University of Illinois at Chicago, this group has been meeting bi-monthly during this reporting cycle to refine and adjust performance benchmarks based on lessons learned from the first two years of residential performance data.

During prior reporting cycles, the Residential Performance Monitoring Workgroup decided to add a new workgroup to address growing issues related to practice. This decision was made following concerns brought forth by Co-Chair Norman Brown pertaining to an increase in suicide attempts by youth in residential treatment as noted in monitoring reports. Mr. Brown requested the assistance of the Residential Performance Monitoring Workgroup in identifying agency protocols which successfully address this issue. From this discussion it was determined that an ad hoc workgroup should be established.

Originally named the “Safety Workgroup” due to the cause of its naissance, the “Best Practices Workgroup” was formed to identify areas of practice for in-depth examination and to identify programmatic best practices. The group has concentrated on examining differences in practice among providers. Tasks for this workgroup have included the sharing of information between

agencies currently using identified best practices with those who are in need of assistance. This workgroup reviewed issues related to minimal staffing for residential agencies during the prior reporting cycle. During this and the prior reporting period, issues related to the safe use of prone restraints has been the primary focus of this workgroup due to proposed legislation outlawing its use. This would have a significant impact on daily practice in residential agencies and is being tracked closely by the private sector providers.

In early October, 2009 the Residential Performance Monitoring Workgroup and the Data Test Workgroup decided it was necessary to “reconstitute” the ad hoc workgroup which had previously worked to establish the centralized matching process. This workgroup, co-chaired by Dr. Jim Guidi of the Data Test Workgroup and Sari Rowitz of DCFS, who leads the Centralized Matching Team, has been meeting to review and standardize the centralized matching checklist, refine and streamline the referral process, and to discuss challenges and barriers to proper matching of youth to treatment programs and seek solutions to overcome those barriers. A revised matching checklist was incorporated into the FY 2011 contracts, but remains a work in progress. While private agencies are reporting in the various CWAC subcommittees and workgroups that better matches are occurring as a result of this effort, both the public and private sectors recognize that the matching process remains a critical aspect of the overall sustained success of this project.

The Older Adolescents Subcommittee formed the ILO/TLP Workgroup to facilitate ongoing reforms of the ILO/TLP programs. 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 continue to meet jointly; therefore the distinction between the two groups is not clear at the present time. Both the Subcommittee and Workgroup are chaired by Mary Hollie, Chief Executive Officer of Lawrence Hall Youth Services, and Miller Anderson, DCFS Deputy Director of Monitoring.

The ILO/TLP Data Management Workgroup was set up to mirror the successful work of the Residential Data Test Workgroup. 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 is slightly larger than the Residential Data Test Workgroup with eight provider agencies represented to ensure adequate diversity in agency size, location and specialty populations served. 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 providers can be based. During this reporting period significant work continued under the auspices of this workgroup to refine and automate

the data collection process, analyze the FY 2010 performance data, and determine the process by which performance incentives would be awarded. This workgroup is chaired by Brice Bloom-Ellis of DCFS.

The Finance and Administration Subcommittee (FAS) had previously formed an expanded PBC/QA Fiscal Workgroup to develop and review the financial aspects of this project and make recommendations to the Project Steering Committee. Since the fiscal structure has now been established, this workgroup did not meet during the last two reporting periods separate from the Finance and Administration Subcommittee. Given the substantial budgetary impact of the economic decline nationally and within Illinois, the work of this subcommittee has been predominantly focused on proposed child welfare system budget cuts and system capacity in light of the current recession. During this reporting cycle, FAS addressed the specific budget cuts requested by the Governor's Office which disallowed incentive payments earned as a result of exceeding performance benchmarks. See Section A.II.3. below for additional information on this issue. FAS continues to monitor the unused capacity situation which has significant fiscal implications for the Department paying providers for one hundred percent of their contracted capacity when beds remain empty.

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. Intact family services are provided by Department case workers for 80% of the state with approximately 20% provided by POS (private) agencies under contract. Specialized foster care is privatized, although these programs do not operate under a performance based contract.

All child protective investigations are handled by the Department. In December, 2009 the Department was selected as a national demonstration site by the National Quality Improvement Center on Differential Response in Child Protective Services (QIC-DR). DCFS will be adopting a blended public-private model for delivery of differential response services with

Department case workers determining child safety and private contracted agencies providing in home services. Contracts to provide these services were awarded through sole source contracting during this reporting period. The Department has announced its intent to make these contracts performance based in the upcoming FY 2012 fiscal year.

### **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 starting first with City of Chicago kinship care providers and expanding statewide within a two year period. This system is largely credited with reducing the number of children in out-of-home placement from over 51,000 at its inception to 15,581 as of October 31, 2010 (DCFS Executive Statistical Summary, October 2010). 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 and has remained steady at this rate (Illinois CFSR Program Improvement Plan Round 1).

Foster care case management agency performance is reviewed on an annual basis. Agencies are ranked from lowest to highest in permanency-placement rates. Performance data is public knowledge and readily available. 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 in foster care case

management. 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 hired and trained the monitors in the first half of calendar year 2008. The monitors are regionally based. The Department's intent with this redesign was to significantly lower the ratio of youth to monitors from 50:1 to 35:1 although it has been unclear throughout the life of this project if this staffing ratio has been achieved. The Department's intent was to allow the monitors to spend more time in each agency by lowering the ratio of agency assignments per monitor. During the last two reporting periods DCFS monitors, like other DCFS non-unionized employees, are subject to work furloughs. Furloughs have been used as a cost cutting mechanism and have resulted in staff taking two days off per month without pay. Issues continue to arise concerning the performance of the DCFS monitors and their role. These issues are addressed by the CWAC Residential Performance Monitoring Workgroup.

## **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, 2010 through June 30, 2011) is attached as **Exhibit 2** to this report. Although the project's federal funding from the QIC PCW ended effective September 30, 2010, the Department continues to fund at a reduced level some evaluation activities through its grant with the Children and Family Research Center. The Project Steering Committee and CWAC subcommittees continue to work on the *Striving for Excellence* project through the existing CWAC structure. The internal DCFS Implementation Team and Residential Strategic Planning

Workgroups continue their work on this project to coordinate efforts in the public sector.

The *Striving for Excellence* project remained on schedule as to implementation and evaluation of performance based contracting for residential programs throughout formal QIC PCW involvement. The project lagged behind schedule for full implementation of performance based contracting for Independent and Transitional Living programs throughout the entire QIC PCW demonstration period, although significant progress was made during the past year. A more detailed discussion of these efforts is set forth below in Section II.A.2.

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

- The Project Steering Committee continued to meet to provide policy guidance and project oversight. The frequency of the meetings has declined in that no meeting was held in the months of October or November, 2010. 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 October 1, 2010 is attached as **Exhibit 3** to this report.<sup>3</sup> The project evaluator attended all Project Steering Committee meetings in person to observe, document and evaluate the processes used to implement and sustain this project.
- The Project Steering Committee closely monitored the progress of the residential and ILO TLP performance outcomes throughout this period. They continued to address potential fiscal problems created by the Illinois budget deficit and worked collaboratively to address problems. Departmental funds allotted for payment of fiscal incentives earned pursuant to the FY 2010 contracts were targeted for elimination by the Governor's Office. The Project Steering Committee recommended to Director McEwen that the funds obtained by the Department through the payment of Treatment Opportunity Days Rate penalties be used to pay for Sustained Favorable Discharge Rate incentives. As of the writing of this report a final determination has yet to be made related to this issue. See further detail in Section II.A.3 related to this issue.

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<sup>3</sup> Mary Shebazian was named the co-chair of CWAC in November, 2010 replacing Tom Finnegan who resigned due to illness. A replacement for Mr. Finnegan on the Project Steering Committee has yet to be named.

- The Residential Data Test Workgroup (DTWG) comprised of representatives from DCFS, private provider agencies, Northwestern University, Chapin Hall Center for Children, and the University of Illinois at Chicago worked on analyzing the variances in lengths of stay in like agencies providing residential care. They determined that the Sustained Favorable Discharge Rate (SFDR) measure, which contains length of stay in its statistical model, could be adjusted to further incentivize shorter lengths of stay. This was seen as preferable to adopting a third performance measure related to length of stay. Two meetings with providers (held in Chicago and Bloomington) were held in June, 2010 to advise the provider community of the proposed contract changes designed to address the Director's concerns about length of stay. The DTWG continued to look at potential variables for inclusion in the risk adjustment model. The workgroup also determined changes made to data collection in RTOS and recommended elimination of items which were captured in other data bases to prevent duplication of effort. More detailed information about the work of the DTWG during this reporting cycle is found in Section II.A.
- The ILO TLP Data Management Workgroup examined, refined and automated the performance measure data reporting process. Prior to this reporting period, all performance reports were done on Excel spreadsheets and submitted to the Department either by fax or electronically. This resulted in significant coding errors and duplication of work effort. This process has now been automated through the Illinois SACWIS system. ILO and TLP providers report on the status of their performance monthly and their DCFS monitors verify their efforts during their monitoring visits. At the time of the submission of this report, agencies are using both methods of data submission (Excel spreadsheets and the SACWIS automated version) until it is determined that the SACWIS system is functioning at an acceptable level and is sufficient to ensure accuracy of reporting.
- The Department has calculated the penalties to be imposed for failure to meet performance benchmarks for the Treatment Opportunity Days Rate (TODR) measure for residential treatment services. Formal letters assessing the penalties have yet to be sent to the chief executive officers of the penalized agencies pending a decision on whether or not the Steering Committee's recommendation to cost neutralize the payment of incentives through the use of penalty funds. For more information on the potential penalties see Section II.A.



- The ILO TLP Data Management Workgroup examined the FY 2010 performance data and determined that reporting and coding errors continue to exist. Although they had developed a ranking methodology and reconciliation process upon which they could determine the highest performing agencies and award fiscal incentives, they determined that the variances in the data were too significant at this time. Given the state’s large budgetary deficit and the lack of a funding source for incentive payments, it was decided that no fiscal incentive payments would be given to ILO and TLP providers for high performance during FY 2010. Additionally, until the accuracy and reliability of the performance data can be assured, proposed penalties for poor performance on the Transitional Living Program Stability Rate (TLPSR) measure will not be assessed.
  
- The Discharge and Transition Protocol continues to provide ancillary support to this project through its facilitation of continuity of care and supportive transitions for children and youth stepping down to lower levels of care from institutional or group home placements. The Discharge and Transition Protocol Advisory Council continues to monitor the use and effectiveness of the Protocol. Cross training involving residential staff, foster care case workers, and ILO TLP case workers on the protocol is ongoing. During this reporting cycle, preliminary impressions based upon focus groups held as part of the agency implementation case studies indicate that the residential agencies are using the protocol and find it helpful in improving their performance on the Sustained Favorable Discharge Rate (SFDR) outcome measure. Concerns continue to be expressed about the lack of knowledge and “buy in” from DCFS and POS caseworkers (who are responsible for the legal case management of youth in residential care) about the importance of the Protocol. Efforts continue to educate foster care providers about the Protocol through the Department’s regionalized Leadership Summits, and through the CWAC Infrastructure subcommittee. The Residential Provider Group is addressing this issue at a special meeting with foster care agencies on December 3, 2010.
  
- The reconvened Matching Enhancement Workgroup began its work on six issues related to the matching process: 1) Reviewing the current clinical summary formats to see if they can be combined and streamlined into one form; 2) Developing a standardized provider matching checklist and addressing exclusionary criteria; 3) Developing a revised document checklist for referrals; 4) Improving variability in provider response to the

matching e-mail stream; 5) Addressing incomplete and inaccurate clinical summaries completed by all parties, including CAYITs, providers and clinical staff; and 6) Improving youth participation in CAYITs and the decision making process to ensure level of care decisions are not influenced by youth intimidation.

- Director McEwen held 2 day Child Welfare Leadership Summits in each region in November and December to set forth his overall vision for child welfare system innovation. These meetings have also been seen as an opportunity for networking between agencies at the local level which will enhance interagency cooperation.
- The Department's internal Performance Based Contracting Implementation Team continued to facilitate internal communication between the Department's various program offices and resolve issues related to existing FY 2011 contracts and the development of the FY 2012 contracts. During this reporting period, the Implementation Team, chaired by Deputy Director Kara Teeple, changed its meeting schedule from weekly to once per month. Members include high level staff representatives from Fiscal and Budget, Operations, Quality Assurance, Placement and Permanency, and Monitoring. Roger Thompson of the DCFS fiscal office in Springfield continues to prepare reports (referred to as the "Tuesday Report" because they are sent to members of the team by e-mail each Tuesday) which track the unused bed capacity in residential. During the last month of this reporting period, significant increases in unused bed capacity have been noted. See Section II.A.3 below. The Implementation Team is analyzing the potential causes at the time of submission of this report.
- The Department continues to engage in a multi-divisional strategic planning process for residential care to determine short and long term goals for program improvement and enhancement. Senior leaders from Placement and Permanency, Budget and Finance, Monitoring, Quality Assurance, Clinical, Centralized Matching, and Operations meet monthly to identify problems and barriers and design strategies to overcome them. Information regarding their work is set forth in Section II.A. below.
- The residential providers continued to meet informally at the Babyfold in Normal, Illinois once per month. This meeting and the residential provider list serve continues to provide a forum for project information dissemination and feedback. During this reporting period the providers addressed issues related to the impact of economic downturn, changes made to the residential

contracts regarding length of stay and barriers to successful step downs and transition to less restrictive placements.

- The problems reported in the last reporting cycle related to the Residential Treatment Outcomes System (RTOS) were rectified during this reporting period. RTOS is now fully operational and is used by residential providers to track their performance on both the Treatment Opportunity Days Rate (TODR) and Sustained Favorable Discharge Rate (SFDR) performance measures.
- The Department and CCAI convened the final Statewide Provider Forum on October 29, 2010 at Governor's State University. All residential, ILO and TLP providers were invited to attend. The theme for the final Forum was determined by the Project Steering Committee and was focused on the use of family engagement strategies to support successful treatment outcomes for children and youth in care. Brice Bloom-Ellis presented an overview of project performance to date with an emphasis on the progress made in developing and implementing the ILO/TLP performance measures, residential performance trends over the two years of data collection by interruption type, and favorable discharge trends based upon an analysis of historical data from FY 2007 to date. Providers were given an opportunity to pose questions and provide feedback on the project. Jodi Levenson-Johnson, Vice President of Coordinated Care Services, Inc. in Rochester, New York was the featured keynote speaker. Ms. Levenson-Johnson's agency provides technical assistance to the federally funded Building Bridges initiative which identifies and promotes practice and policy initiatives which promotes a more comprehensive system of care and coordinated services between both residential and community based mental health agencies. An essential principle of agencies participating in the Building Bridges project is family driven and youth guided care. She presented information on how "family driven" care can be implemented in residential programs and gave concrete examples of private agencies from around the country. She also provided participants with the Building Bridges Self-Assessment tool which assists agencies in determining if, and to what extent, their agencies work well with other treatment providers, families, and other community stakeholders. Following this presentation, representatives from Allendale Association presented on their family engagement model which they credit with helping them to achieve consistently successful performance outcomes. Director McEwen gave closing remarks.
- The project evaluator conducted five residential agency implementation case studies in September and October 2010.

Surveys of frontline staff and supervisors, three focus groups comprised of administrative, supervisory/clinical and frontline staff, and a document review were conducted over a two day period in each selected agency. Preliminary impressions based upon focus group findings only was presented to the Department's Residential Strategic Planning Workgroup on November 19, 2010. A copy of this power point presentation is attached as **Exhibit 4**.

- Modifications were made to the data collection protocol for the Project Steering Committee semi-structured interviews to be held in January 2011 which necessitated a resubmission to the University of Illinois at Urbana-Champaign Institutional Review Board. Approval was obtained for these modifications and continuation of the agency implementation case study protocols for FY 2012. A copy of the IRB approval letter is attached as **Exhibit 5**.

## 2. Did implementation occur as planned?

No, but significant project milestones were achieved in both residential treatment services and ILO/TLP services.

The magnitude and complexity of this statewide demonstration project, and the socio-political climate in Illinois has made adhering to projected timelines difficult, if not impossible. During this reporting cycle a hotly contested gubernatorial campaign was waged resulting in the election of Governor Quinn to a four year term of his own. The state's increasing budgetary deficit resulted in a mandate from the Governor's Office during this reporting period to hold \$34 million of the Department's appropriated FY 2011 funds in reserve. This mandate included the \$4 million appropriated for performance based contracting. The Department did not meet its projected targets for Medicaid billing, although there were significant efforts made by both the Department and provider agencies. This revenue shortfall, in addition to shortfalls in converting relative placements to licensed placements to qualify for Title IV-E funding, contributed to the deficit. Residential providers continue to express heightened anxiety over penalties to be imposed in FY 2011 for failure to document Medicaid compliance in addition to the performance based contracting TODR penalties. A more detailed discussion of this critical issue is set forth in Section A.II.3. below.

Concomitant with the state's growing budget deficit is an increased concern over the rising cost of residential care. **Table 1** below depicts the Department's overall out-of-home care budget for the last 5 fiscal years. The percentage of the Department's budget allocated for institutional and

group home care has risen by 4% during this period resulting in almost \$30 million more in funds needed to pay providers for these services.

**Table 1**

***Residential Care as a Percentage of Illinois DCFS Out-of-Home Care Budget  
FY 2007-2011***

	FY2007	FY2008	FY2009	FY2010	FY2011
Institutions/Group Homes	\$ 136,579,223	\$ 139,656,125	\$ 159,573,894	\$ 164,096,410	\$ 165,182,300
Independent/Transitional Living	\$ 56,842,602	\$ 57,289,652	\$ 52,966,965	\$ 50,960,332	\$ 52,706,300
Shelters & Support Costs	\$ 19,726,490	\$ 25,990,404	\$ 28,412,441	\$ 28,918,357	\$ 29,329,900
Foster Care	\$ 261,817,102	\$ 250,306,626	\$ 257,292,076	\$ 252,448,484	\$ 255,708,900
Foster Care Support Costs	\$ 58,071,948	\$ 55,934,887	\$ 56,532,322	\$ 55,091,789	\$ 56,743,100
	\$ 533,037,365	\$ 529,177,694	\$ 554,777,698	\$ 551,515,372	\$ 559,670,500
Institution/Group Homes % of DCFS Out-of-Home Care Budget	26%	26%	29%	30%	30%

*Note:* FY 2011 is the projected and estimated budget.

For FY 2010 the Department had 74 contracts with 38 residential agencies serving 1,250 youth in care comprising approximately 8% of the total number of youth in substitute care. Thirty three TLP agencies had 39 contracts for services for 500 youth served comprising 3% of the out of home care population. Twenty ILO contracts in 19 agencies serving 300 youth served 2% of the youth in care.

As documented in the last semi-annual report, Director McEwen issued a direct challenge to the Project Steering Committee and the relevant CWAC subcommittees and workgroups to analyze and address increasing lengths of stay. The number of children and youth admitted to residential (institutional and group home) care has been steadily increasing since August of 2007 which has led many to question the fiscal viability of sustaining this level of care over time. When stratified by age, the trend is even more alarming with children in programs serving youth under the age 12 having longer lengths of stay on average than programs serving older wards. This upward trend, coupled with longer lengths of stay, continues to drive the work of the project at the present time. The work of the Data Test Workgroup to address length of stay is discussed in Section A.II.

Like the most recent reporting period, both the public and the private sectors continued to engage in meaningful internal dialogue separate from one another on the future of residential care in Illinois. While at the present time the status of the proposed merger of the Department of Juvenile Justice into the Department of Children and Family Services remains unknown, both the public and private sectors have explored ways in which to support a successful transition should this occur.

The DCFS Residential Care Strategic Planning Workgroup made significant progress towards completion of its short term goals. As previously reported this workgroup comprised of senior leaders from various departmental divisions including Placement and Permanency, Fiscal and Budget, Monitoring, Quality Assurance, Operations, Clinical and Centralized Matching, meets monthly to identify barriers to system improvement and integration. **Exhibit 6** attached contains a table depicting this group's short and long term goals. A more detailed discussion of their work towards attaining these goals is set forth below in Section A.III.4.

The private providers continue to meet monthly in an informal setting separate from the various CWAC subcommittees and workgroups. This meeting occurs at the Babyfold, a private non-profit provider located in Bloomington-Normal, Illinois. Agencies send high level executives, usually the Chief Executive Officer, Chief Operating Officer, or Clinical Director to these meetings. The meeting is open to all providers whether or not they are members of the Child Care Association of Illinois. The meeting is co-chaired by Karen Rousey and Dennis Wiley who are both members of the Project Steering Committee. During this reporting period, the Residential Provider Group continued to be a conduit through which information about the status of the project is conveyed. This became critical when recommendations were being made about proposed contract amendments modifying the fiscal structure and the changes to the risk adjustment model to incorporate heightened expectations regarding reductions in length of stay. Like the DCFS Strategic Planning Workgroup, this group identified systemic barriers which need to be overcome to improve agency performance. They looked closely at the transition process from residential to specialized foster care and have made preliminary recommendations which will be reviewed at the December 3, 2010 meeting. See Section A.II.4. for additional information about this work.

As noted in the April, 2010 semi-annual report, the incorporation of lessons learned from this project by both the public and private sectors is a positive development and demonstrates growth. It remains evident that both sectors value evidence-based practice and are striving to locate treatment models which are effective. This issue is raised in every planning meeting regardless of which sector. To date, neither the public nor private sectors have engaged in a joint and collaborative planning process to address deficiencies recognized in their separate meetings. In the prior report, a "SWOT" (strengths, weaknesses, opportunities, threats) analysis conducted by the residential providers identified issues pertaining to their relationship with DCFS as both a weakness and a threat in their analysis. With the decline in resources, and the perceived unilateral decision making on how to address it, the collaborative nature of the

project through a more unified strategic planning process could be undermined. Additional discussion about the cause of this is included in section II.A.3. below.

### **3. Implementation Barriers**

#### ***Socio-political factors continue to impact project implementation***

As noted above and in prior semi-annual reports, the complexity of this project has presented the largest obstacle to implementation to date. The time commitment required of senior Department and private agency leadership is substantial and is being continuously threatened in these difficult economic times. Throughout the evaluation of the project environmental scans occurred to identify contextual variables which impact project implementation and operation. During this reporting period the Governor's race was decided which retained incumbent Governor Pat Quinn in office. Although it cannot be guaranteed that Governor Quinn will maintain all of his current agency heads in office, and this was a significant issue in the recent campaign as approximately 75% of the agency heads were retained from the Blagojevich administration, it appears likely that the current DCFS administration will remain intact. At the time of the filing of this report there has been no announcement of any changes to be made.

#### ***Economic and budgetary concerns pose a substantial risk to this project***

As reported in the April 15, 2010 semi-annual report, the greatest concern about the viability of this project over the first three years of implementation was the lack of sustained funding. Budgetary problems have been discussed in prior semi-annual reports. Many private agencies have been forced to lay off staff cuts and/or have made a conscious decision not fill vacancies once they occur. Other agencies, particularly those with limited lines of credit, have curtailed services. Some residential agencies have relied upon their endowments to supplement state funds. As these endowments become depleted, these agencies are becoming increasingly concerned.

The *Striving for Excellence* project changed the fiscal model to do away with the former bed hold policy and guarantee each provider payment for one hundred percent of their DCFS purchased bed capacity during a given fiscal year. Prior to the inception of this project, providers were operating at approximately ninety-two percent bed capacity, so this guaranteed rate amounted to a substantial increase in revenue. Additionally, the PBC program model gave providers a stable revenue base which was not dependent upon client census. Previously, provider agencies were reimbursed through per diem rates developed from reported

historical costs resulting in varied provider program specific rates. The rates varied widely even among agencies providing services in the same classification level. The rate and payment model prior to PBC assumed beds would not be filled 100% of the time. Consequently, a reasonable number of unused bed days were assumed in the rate calculation. The cost of unused bed days was not easily discerned because the calculation occurred in a complex rate model where reported costs were not necessarily divided by the historical number of provided care days. The calculation employed a “minimum” divisor” which was less than the possible days of care and sometimes more than the actual number of provided care days in the program (Thompson, 2009). With the onset of PBC in FY 2008, the Department reviewed its rate setting methodology and standardized the rates. Salary levels and staffing ratios were negotiated between the Department and CWAC during the rate development process and were based on a review of both federal and state standards. Department fiscal staff visited each residential agency to determine provider specific program costs.

Increasing concerns in the Governor’s Office and the General Assembly about the cost of residential care has led to increased anxiety in both the public and private sectors about the fiscal viability of the project over time. With an increasingly complex residential population with increasing lengths of stay, these concerns are not misplaced. The Department’s ability to forecast the types of beds needed to serve this population remains in question. Department projections on the number and type of beds needed for FY 2009 and FY 2010 were not as accurate as anticipated. The ever increasing need for placements which serve severe youth became more evident. The DCFS Strategic Planning Workgroup has assumed the role of determining system capacity needs for FY 2011 and beyond.

The DCFS Implementation Team continues to track the unused bed capacity which has remained in a state of flux over the past year. Roger Thompson continues to file reports and this issue is discussed monthly during the Implementation Team conference calls. The most recent report on unused capacity reflects an upward trend with two agencies contributing to over \$2 million in empty beds with a combined statewide total of over \$4.3 million. A copy of this report is attached as **Exhibit 7**.

The fiscal penalties for FY 2010 performance on the residential TODR measure have been calculated but have yet to be assessed. Due to the Illinois budget deficit, the Governor’s Office in late July 2010 ordered the Department to keep \$34 million in reserve and indicated specifically that the funds set aside in the Department’s budget to pay performance incentives earned as a result of this project be included in this amount. Incentives for successful performance in FY 2009 amounted to \$3.2



million dollars which was \$1.2 million over projection. The Department paid these incentives and honored the contract. The Governor's Office is reportedly concerned that it would be inappropriate for the fiscal incentives (perceived as bonuses) to be paid to providers for FY 2010 and FY 2011 during these difficult economic times. Although the current contract for FY 2011 caps incentive payments at \$2 million, the pay out for FY 2010 when finalized was expected to be around the same as last year's \$3.2 million for which there is not an appropriation.

In response to the Governor's Office directive, Director McEwen unilaterally made a decision not to award incentive payments for successful performance on the SFDR measure for FY 2011. Penalties would be assessed for failure to attain TODR performance benchmarks, but would not be imposed for against the lowest performing agencies for failure to attain SFDR targets. The Steering Committee had previously approved the imposition of new penalties for the lowest performing agencies (25<sup>th</sup> percentile) on the SFDR performance measure. DCFS staff were directed to prepare a contract amendment for FY 2011 contracts to this effect.

For the already fully completed and executed FY 2010 contracts, the Director's mandate was less clear. Funds to pay out the fiscal incentives were appropriated in the FY 2011 budget, although the performance upon which the incentive payment was based was performed in FY 2010. The providers representing the private agencies on the Project Steering Committee expressed their concerns that the contract terms had already been fulfilled, therefore the Department was bound by the contract terms to make the incentive payments. Department representatives countered that any state contract could be amended based upon "emergency circumstances" which made funds unavailable. They argued that the rising state budget deficit should be considered an "emergency" whereby it was appropriate for the Department to amend its contracts accordingly. The Project Steering Committee met on August 19, 2010 to tackle this issue. Neither Director McEwen nor Executive Deputy Director Murray were present for the meeting so no formal decision or course of action was determined at that time.

Project Steering Committee members expressed their concerns about the change in the fiscal structure of the project and its potential impact on both individual agency performance and for the system as a whole. They recommended that the FY 2010 incentive payments be made and awarded from the monies recouped by the Department from provider agencies paying FY 2010 TODR penalties. Fiscal penalties for failure to meet TODR benchmarks in FY 2009 were assessed against 24 agencies out of a total of 41 operating under contract totaling \$712,033. The range in agency penalties was between a minimum

of \$1,603 and a maximum of \$108,273, with a median of \$23,915. Penalties were paid to the Department by a pro-rated decrease in funds provided to the private agency by the FY 2010 contract; this allowed the funds recouped to remain with the Department for reallocation to other priorities rather than become part of the state's general fund.

Preliminary results from FY 2010 show a marked decrease in the total amount of the penalties, due in part to a lowering of the performance benchmarks for FY 2010. This change may be reflective of a more difficult to serve population, coupled with improved data and modifications to the risk adjustment model intended to improve its ability to account for variances. The preliminary results for FY 2010 indicate 20 agencies out of 38 will be penalized for a total amount of \$320,514. The minimum penalty to be imposed is \$66; the maximum \$75,322; and the median is \$9,106. Although the Steering Committee expected this amount would be considerably less than the total received for payment of the FY 2009 penalties, the fiscal structure of the project would remain intact and at least some providers would benefit from the recognition of their successful performance through a token incentive payment. This would make the initiative "cost neutral" since no new funds would need to be appropriated to pay for the incentives. The Steering Committee also recommended that this process remain in place for the FY 2011 contracts rather than take all penalties and incentives "off the table." Contract amendments could then be developed with this new language.

No decision has been made pertaining to this issue as of the writing of this report. Brice Bloom-Ellis advised the Data Test Workgroup at its meeting on December 2, 2010 that Director McEwen is hesitant to point out to the Governor's Office the recommendation to pay incentives from recouped penalties because of the Director's belief they will not agree to it and will want to impose only penalties. According to Mr. Bloom-Ellis, the Director believes that once this occurs it will be highly unlikely that any incentive payments would be appropriated in the future, therefore it would be more prudent to not impose any penalties or award performance incentives. Mr. Bloom-Ellis has suggested that the Data Test Workgroup consider other ways in which to incentivize performance which do not have a fiscal impact. Members of the Data Test Workgroup declined to adopt this recommendation and the decision was made that they would again ask the Project Steering Committee to recommend that the FY 2010 and 2011 SFDR incentives be paid from the TODR penalties imposed. No SFDR penalties would be imposed as previously indicated for FY 2011. In addition to this recommendation, the Data Test Workgroup requested that a small group of its members meet with the staff of the Governor's Office to more fully apprise them of the status of the *Striving for Excellence* project and its impact on the Illinois child welfare system. The DTWG felt strongly that the lessons learned to date have been significant

and should be shared with policy makers. They also expressed their belief that this meeting would be a way through which they could express their support for Director McEwen's leadership and vision related to system accountability. The Project Steering Committee will address this recommendation on December 16, 2010.

The ability to distribute incentive payments to agencies demonstrating successful performance has also affected the ILO/TLP agencies. The Department allocated \$2 million to pay for incentive payments earned by ILO TLP agencies for the top performing agencies attaining performance benchmarks in FY 2010. This would have been the first time the ILO TLP fiscal strategy would have been employed in this project. These funds have also been held earmarked by the Governor's Office to be held in reserve and not paid. It should be noted that the ILO TLP Data Management Workgroup continues to struggle with "cleaning the data" during this reporting period while they are in the process of automating their reporting method. The Workgroup expressed their desire to have the data as clean as possible before it is used as a means by which fiscal decisions are made; therefore they are comfortable with not awarding fiscal incentives this year as they continue to refine data collection and reporting. Although there have been preliminary discussions about the imposition of penalties for failure to attain Transitional Living Program Stability Rate (TLPSR) benchmarks, which could be used to offset the award of incentives, these discussions are not at the stage where such a strategy could be deployed. Additionally, the TLPSR does not apply to the ILO providers, so any funds which are attained through this fiscal strategy would apply only to the TLPs.

***Unease and uncertainty remains over potential impact of the merger of the Department of Children and Family Services and the Department of Juvenile Justice***

During the last reporting period the proposed merger of the Department of Juvenile Justice into the Department of Children and Family Services was discussed at length. During this reporting period, DCFS Deputy Director of Operations Arthur Bishop has been named as the Acting Director of the Department of Juvenile Justice. Larry Chasey, who worked under Deputy Director Bishop, has replaced Mr. Bishop at DCFS. Planning efforts continue under the auspices of the Governor's Office. Details of the plan have not been made known as of the time of the filing of this report. Due to the gubernatorial election in November 2010, and the potential that the executive order mandating this merger would be rescinded should the current administration not be re-elected, the merger did not occur at the start of this fiscal year in July.

As reported in the April 2010 semi-annual report, residential and ILO/TLP providers continue to express their concerns in the CWAC subcommittees and workgroups that a “tsunami of delinquent youth” will overwhelm the Illinois child welfare system unless a carefully crafted plan is developed collaboratively to identify services gaps and the resources required to fill them. Providers question their capacity to serve youth with extensive delinquent and criminal histories and the impact of admitting these youth to their programs. During this period, the Child Care Association held a forum to discuss how child welfare agencies could best serve youth referred to them through the juvenile justice system. Dr. Joseph P. Ryan from the Children and Family Research Center, a national expert on youth who are involved in both the child welfare and juvenile justice systems, presented findings from his work in Los Angeles about the similarities and differences in the two populations and what program models have been proven effective in working with them. Dr. Ryan reported that he believed the Forum provided an opportunity for agencies to see how they could expand their current programs to serve the juvenile justice population (Ryan, 2010). In light of the current fiscal decline, this may be an opportunity to expand for some providers and provide an alternative funding source to support their continued work with youth.

The impact on this project has the potential to be substantial as limited historical data exists for DJJ clients upon which to model a risk adjustment strategy to account for the client level variables which are statistically significant on provider performance. The issue raised in the last reporting cycle regarding the provider request that “performance exempt” status would apply to youth convicted of offenses involving extreme violence has yet to be resolved. No further discussion has occurred on whether or not the “no decline” policy would apply to all youth referred to residential treatment programs and/or ILO/TLP providers through juvenile justice channels. The Department indicates they remain in the exploratory phase of merger plans at the time of this report’s submission and answers to provider concerns will be forthcoming as the integration plan is developed and if the merger is finalized.

It is also unclear at the time of submission of this report if the existing CWAC structure will be used to develop this integration plan. Although the Executive Order requires collaboration from “advocacy organizations, individuals experienced in juvenile court issues and other stakeholders” in developing the plan, it does not specifically name the Child Welfare Advisory Committee or the provider community as entities which should be consulted about the potential impact of the merger. Updates on the status of the juvenile justice merger are given at each CWAC meeting, but there is no formal subcommittee or workgroup assigned to this task. Because the Illinois child welfare system has relied upon CWAC for all major policy and practice reforms and innovations, the

current climate of uncertainty about the role of the private sector in the merger has continues to contribute to increased unease among providers.

***Perception by private provider agencies that the Department is not attentive to or supportive of the resources needed by residential programs to provide adequate quality care may have impact on the collaborative nature of this project***

This issue arose during the last reporting period and continues to surface in provider meetings. A hallmark of this project during the first two years of planning and early implementation has been the strong working relationship between the public and private sector to make systemic improvements to better serve children and families. Although disagreements have arisen over the best approach, both the public and private sectors have used data to drive their decision making and have worked collaboratively through the existing CWAC structure to identify and resolve systemic problems and conflicts. During the course of the last two reporting periods, providers have expressed dissatisfaction in CWAC subcommittee and workgroup meetings, in the Residential Provider meetings and in postings on the provider list serve. They have discussed their increased anxiety and unease about the working relationship with the Department which they perceive to have become less collaborative over the past year resulting in unilateral decisions made by the public agency without taking into consideration the impact of these decisions on the private sector or on the children and families served by the private agencies.

Examples given by the providers include the Director's mandate regarding a reduction to residential length of stay in the last reporting period and his decision regarding the changes to be made to the FY 2010 and FY 2011 contracts regarding the imposition of penalties and the awarding of fiscal incentives. Many providers have expressed that, in their opinion, they perceive these decisions to have been made unilaterally by the Director based upon the state's fiscal constraints and without consultation with the private sector to collaboratively explore options and develop a shared advocacy agenda to advance jointly determined potential solutions. As noted in the most recent semi-annual report, any changes to the contractual performance measures made outside of the existing CWAC and Steering Committee process, may contribute to the provider's perception of diminished emphasis on collaboration becoming a reality. This appears to have occurred during this reporting period. Whether intentional or not, this has undermined the confidence of active and contributing members of this project in the collaborative nature of the project.

Residential providers continue to raise concerns in CWAC subcommittees and workgroups about the impact of the shift to Medicaid fee-for-service has had on day-to-day operation of their agencies. These issues were also evident in the implementation case studies conducted by the project evaluator in 2009 and during this reporting period. Providers report they have borne the cost of this transition and are concerned about the fiscal liability they bear for non-compliance. Additionally, many providers report they have had to either replace staff that were not capable of documenting Medicaid compliance or hire additional staff members to perform these duties. Staff turnover has led to workforce destabilization and has increased the need for additional training resources to train replacement staff. According to the providers, this has resulted in additional operational costs for which they are not compensated. Some providers have expressed resentment over bearing the cost of Medicaid implementation when the moneys recouped by the state through Medicaid draw down will not be shared with them. This may be mitigated somewhat in the future due to the passage of legislation which allows the Department to retain recouped Medicaid funds in their Children's Fund rather than in the state's general revenue fund so these funds will be maintained for child welfare purposes.

Previously, it had been reported that some providers have been exploring whether or not to consider litigation as a means through which they could guarantee adequate resources to care for children entrusted to their care. In the past year, a small number of provider agencies expressed their desire to approach Ben Wolfe of the American Civil Liberties Union (ACLU) who serves as counsel for the Plaintiff class in *BH v. McEwen*. Other providers have been tracking the federal class action landscape. Those providers which are member agencies of the Alliance for Children and Families located in Milwaukee, Wisconsin have been provided information about the recent federal decision in the State of California which held the state to be out of compliance with the federal Child Welfare Act's mandate that a participating state "cover the cost" of certain enumerated items for foster group homes<sup>4</sup>. This issue was discussed briefly in the April 2010 semi-annual report. A review of both the 9<sup>th</sup> Circuit appellate and Northern District of California trial court opinions on remand indicated distinct factual dissimilarities between the California rate setting methodology at the heart of the court's factual determination with the Illinois rate setting methodology.

However, during this reporting period another federal case which has a greater potential of impacting a provider decision to explore litigation options has become active. The Indiana Association of

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<sup>4</sup> See *California Alliance of Child and Family Services v. Allenby*, \_\_\_ F.3d \_\_\_, 2009 WL 4755730 (9<sup>th</sup> Cir. Dec. 14, 2009) and *California Alliance of Child and Family Services v. Allenby*, No. C06-4095 MHP (N.D. Cal. February 23, 2010.)

Residential Child Care Agencies (IARCCA), an association comprised of 110 residential agencies providing care to children under contract to the Indiana Department of Child Services, filed a federal law suit in December, 2009 on behalf of its member agencies which provide either residential treatment services or licensed child placing services under contract with DCS. Contracts for residential services require the provision of basic necessities such as food and shelter as well as treatment services to meet the individual needs of the child. Licensed child placing agency contracts provide for Individual Child Placement Agreements tailored to meet the individualized needs of the child placed with them for supervision. Rates are individualized depending on the services to be rendered. In 2009, Indiana DCS reviewed its rates paid to residential providers and found disparity between them which in the opinion of the Department could not be justified or adequately explained. Indiana DCS adjusted the rates internally and based on emerging budgetary constraints, sent a letter to residential providers in November, 2009 reducing rates and advising them that if they chose not to accept the rate reduction they would no longer have a contract for residential services of January 4, 2010.

Similarly, the Indiana DCS reviewed rates paid to placement providers and determined that Title IV-E would not pay for services such as behavioral therapy and counseling previously provided under a “blended rate” pursuant to the state’s Medicaid plan. Placement providers were also notified of a reduction in their rates and were advised to sign the amended contract or risk losing it. Given the short time frame (approximately 2 weeks) during which a contract for placement services had to be executed or the children assigned to that agency would have to be transferred to other providers which agreed to the rate reduction, the providers signed the DCS contracts, but reserved the right to challenge the rates of payment through other means.

IARCCA sought a preliminary injunction to restrain Indiana DCS from reducing rates paid to any residential and licensed child placing agencies. Relying on the 9<sup>th</sup> Circuit holding in *California v. Allenby*, United States District Court Judge Sarah Evans Barker for the Southern District of Indiana entered an order granting the Plaintiff’s Motion for Preliminary Injunction on January 20, 2010.<sup>5</sup> The court held an evidentiary hearing where provider agencies testified regarding the anticipated effects caused by the proposed reductions in rates, noting specifically that they would be required to reduce staffing levels which would impact child safety as well as the effectiveness and adequacy of therapeutic services. The court found that the youth placed in residential

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<sup>5</sup> *The Indiana Association of Residential Child Care Agencies v. Indiana Department of Child Services and Payne*, No. 1:09-cv-1574-SEB-JMS (S.D. Ind. January 20, 2010).

care, because of the unique nature of their emotional and behavioral problems, created a special need for a stable environment and individualized attention. The court also determined that reduction in staff would threaten provider accreditation. Furthermore, the court found that where Title IV-E did not mandate the use of any particular methodology in setting rates, the methodology employed by Indiana DCS did not follow any specific written procedure which determined the actual cost of residential services. The court found that in the absence of a clear procedure by which the cost of care could be determined, the rates setting “appears to have been almost entirely motivated and controlled by budgetary concerns.”<sup>6</sup>

Indiana DCS was enjoined from altering any reimbursement rate paid to residential placements and licensed child placement agencies below that paid in 2009 and taking any action to circumvent this order by transferring children to a less expensive placement, or declining to assign a child to a more expensive placement based solely or primarily on an attempt to reduce expenditures. Indiana DCS has appealed this order to the 7<sup>th</sup> Circuit Court of Appeals which sits in Chicago. Both Illinois and Indiana are part of the 7<sup>th</sup> Circuit. Any ruling in this case would have direct impact on any case filed in Illinois on behalf of providers challenging the Illinois rate setting methodology and payment of the actual cost of care under Title IV-E.

Pending this appeal, the state of Indiana has held public hearings on its proposed rules for residential placement. Appellate proceedings been suspended pending the outcome of the formal rule promulgating process. Written “testimony” opposed to the proposed rule has been filed prior to the most recent public hearing held on November 15, 2010 on behalf of individual providers, and a myriad of other national organizations about the impact of these proposed rules on residential providers. A preliminary review of these documents show similarities between the problems noted by the Indiana providers and those noted by the Illinois providers over the past two years, particularly as related to Medicaid and the infrastructure costs anticipated by the providers to comply with Medicaid billing. The providers argue that they will be forced to pay these costs, which should be included in calculating the actual cost of care and born by the state.

The order granting the IARCCA request for a preliminary injunction is attached as **Exhibit 8** to this report. This case will be tracked closely for its potential impact on the Illinois child welfare community. In any event, litigation – if filed – by private providers contesting the rates set to provide residential services could substantially alter and undermine the collaborative process.

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<sup>6</sup> Ibid.



### ***Identified barriers with step-downs and the Discharge and Transition Protocol***

During the course of the past year, the Department's Residential Strategic Planning Workgroup has looked closely at barriers to youth stepping down to from residential treatment. During this reporting period, the Residential Provider Group also examined this issue, particularly as it relates to youth transitioning from residential placements to specialized foster care. Their analysis of the of the process identified similar systemic barriers related to the lack of knowledge of the Discharge and Transition Protocol on the part of other entities, such as foster care case management agencies. A smaller provider workgroup was established to identify barriers and potential solutions to overcome them. This workgroup presented its findings to the larger Residential Provider Group on December 3, 2010.

They recommend strongly that foster care agencies be apprised of the availability of funding for transition-related activities and services during Phase II of the process. The training of foster care case managers, both those employed in private agencies and by DCFS has been sporadic throughout the life of this project. Although cross training opportunities have been made available in the past to allow residential and foster care agencies to be trained jointly, the residential providers recommend that the Department provide opportunities for cross training to develop a shared conceptualization of trauma informed care. They report that treatment gains made in residential care may be lost once a youth is discharged to a foster home placement if the foster parents are not made aware of the trauma-informed treatment approaches used in residential care. The providers are recommending that the Department consider creating an overall training approach which would be consistent across the entire system of care.

The providers continue to report that case managers are not following the mandates of the Protocol and have been discharging youth from facilities without following the steps required to prepare the youth for that discharge through an orderly transition process. The residential providers have identified specific problems areas from the scheduling of CAYIT staffings, through the matching process and pre-placement in a less restrictive setting, and the successful planning for and assessment of post-discharge stability. The initial draft of the Residential Provider Group's recommendations is attached as **Exhibit 9**.<sup>7</sup>

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<sup>7</sup>This exhibit is an initial draft only and has yet to be formally reviewed and approved by the Residential Provider Group at the time of the writing of this report; therefore it should not be disseminated publicly until further vetting of the document has been done. It is attached to this report only to demonstrate the systemic problems identified with step-downs from residential care and the potential solutions to overcome them.

***Complexity of the issues related to length of stay in residential care need a more detailed longitudinal analysis and will not be resolved within the life of the formal QIC PCW project***

Immediately prior to the filing of the last semi-annual report, Director McEwen challenged the Department's internal leadership team and the *Striving for Excellence* project with shortening the length of stay of youth in care. As noted previously in this report, the admissions to residential care as well as the percentage of the Department's annual budget to support institutional and group home care as been steadily increasing since FY 2007. Increasing lengths of stay have contributed to this phenomenon. As a result of the Director's direct challenge regarding length of stay, the Data Test Workgroup was charged specifically with looking more closely at this issue and making recommendations to the Department and the Project Steering Committee for how to reduce the time spent by youth in residential placements without compromising the effectiveness and appropriateness of treatment services.

To this end, the DTWG underwent a rapid assessment of existing data related to length of stay. They reviewed existing data and found disparities in length of stay among like agencies. **Table 2** provides an example of these findings. When examining favorable discharges in FY 2009 from agencies classified as moderate, they found that the length of stay varied widely between agencies, ranging from an average of approximately 11 months to 3 years.

**Table 2**

**Length of Stay Disparities in Moderate Residential Agencies  
SFDR Favorable Discharges FY 2009**

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**FY09 Preliminary SFDR Performance: Average Length of Stay of Youth Favorably Discharged**

Class level	Spec pop	# Spells	Benchmark SFDR	Actual SFDR	Diff: Actual - Bmk	# Favorable Discharges	LOS <sub>AVG</sub> - FD
Moderate	No	41	10.62	24.39	13.77	13	726
		43	16.83	30.23	13.40	15	597
		28	12.45	21.43	8.98	8	331
		23	14.37	21.74	7.37	5	566
		27	15.87	18.52	2.65	7	887
		25	13.96	16.00	2.04	4	1008
		85	13.28	15.29	2.01	17	429
		49	16.54	16.33	-0.21	10	503
		6	18.35	16.67	-1.68	1	----
		40	23.05	17.50	-5.55	8	364
		45	16.95	8.89	-8.06	8	422

The DTWG determined that it was necessary to identify and understand the causes of these variances and adjusted its meeting schedule to aggressively undertake a more detailed examination of existing data. Rob Lusk, Ph.D., the Clinical Director of the Babyfold, conducted a literature review on behalf of the DTWG to look at what has been reported in the literature on length of stay. His findings are attached to this report as **Exhibit 10**. As this review indicates, a number of variables have been identified in the literature as significantly contributing to length of stay, including child specific variables such as age, gender, and trauma history, as well as systemic variables such as the availability of community treatment resources to support less restrictive placements. Dr. Lusk points out that the Department’s developing vision for residential treatment services (which has been shared with the CWAC subcommittees and the Provider Workgroup) appears to be that of using residential placements for stabilization purposes only, i.e. for Phase I of trauma treatment designed to stabilize youth and provide them with the coping skills necessary for placement in the community where they would continue therapeutic services in a less restrictive – and less expensive – setting.

The literature review suggests that a clarification of the Department’s vision for the use of residential care is essential prior to determining what an effective length of stay should be. Additionally, while many of the numerous variables identified in the review need have been included in the risk adjustment model, other which have not to be analyzed for statistical significance and included in the model if appropriate. The literature review also demonstrated the increasing need to include clinical variables, such as the level of psychiatric disturbance. The DTWG has struggled throughout the life of this project to reach consensus on how most effectively and reliably obtain clinical data for inclusion in the model. Family engagement and involvement was also

found to have impact on the length of stay, but there is currently no means by which to measure this in the Illinois system. The DTWG is exploring the option of including a process measure in the FY 2012 contracts pertaining to family engagement.

Director McEwen sought input from Northwestern University on their CANS (Child and Adolescent Needs and Strengths) data and the profile of youth who have been in residential treatment for longer than 2 years. He wanted to know if an analysis of the CANS data could determine whether or not youth in residential care longer than two years were appropriately placed there according to the CANS criteria for residential placement. A presentation was made to the Director on June 21, 2010 indicated that of the small percentage of spells within 30 days of a 2 year stay or higher in residential care (325 spells for a percentage of 7.03% of total residential spells during this same time period) 197 spells (60.62%) met criteria for continued placement in a residential treatment center; 128 spells (39.38%) did not. The DTWG reviewed this presentation and became concerned about the lack of compliance with reporting of CANS data. CANS profiles of youth in residential care were developed with 5 different data points ranging from entry into residential care through 24 months. Of all of the of the 4,621 non-unique youth having a residential spell in care longer than 2 years recorded in the CANS database, only 23.27% of these spells (1,096) had at least one CANS conducted in each of the data points. This presentation is attached as **Exhibit 11**. This presentation reinforced the DTWG's impression that the fidelity to the CANS instruments is still in question and it may not be a reliable dataset to include in the risk adjustment model at this time, but also stressed the importance of using trajectory methods for monitoring deviations from desired and/or forecasted progress of youth within residential care. Nevertheless, the presentation also suggested that there are youth in residential care that may not need this level of service and a closer examination of these youth is required.

The Data Test Workgroup revisited the risk adjustment model and changed the length of stay risk factor to more accurately reflect the probability of sustained favorable discharge and increase expectations of performance on the SFDR measure. Performance benchmarks for FY 2011 contracts were set based upon this revised risk adjustment model. During the course of this reporting cycle, and for the projected future, the DTWG will continue to monitor length of stay in light of data received and reviewed. The DTWG intends to more closely analyze the SFDR data from FY 2010 (which will not be available until February, 2011) and from FY 2011 (which will not be available until February, 2012) to determine if the current strategy of taking length of stay into consideration in the risk adjustment model is sufficient, or if another strategy should be adopted to drive system change regarding length of stay. Data obtained from the

second round of implementation case studies conducted by the project evaluator will also be made available to provide qualitative data for their review. The sites for the 2010 implementation case studies were selected specifically to look at agencies with specialty populations (e.g. younger children, youth with sexually problematic behavior) which have historically had longer lengths of stay. In any event, issues related to the length of stay will not be fully identified, let alone resolved, prior to the end of the QIC PCW demonstration project. The Children and Family Research Center will continue to report on the progress of the *Striving for Excellence* project, and the members of the DTWG have indicated their intent to publish findings related to the risk adjustment model. They should also consider publishing an article specific to their approach on length of stay to inform the field of their findings.

***Lack of clarity as to the role of the Project Steering Committee in project oversight after the formal QIC PCW relationship has ended***

The formal relationship with the national QIC PCW project ended as of September 30, 2010; therefore there is no formal accountability or reporting requirements to the QIC PCW beyond this report submission. The Project Steering Committee was formed to provide guidance and oversight for project planning, development and implementation. A few members of the Steering Committee believe that the Steering Committee is no longer necessary because it was set up specifically for the QIC PCW demonstration project which has now been completed. The Steering Committee itself is referred to colloquially as the “QIC Steering Committee” which gives credence to this point of view. However, other members of the Project Steering Committee, including Director McEwen believe that there is need to coordinate efforts related performance based contracting across the various CWAC subcommittees and workgroups. Because data collection remains in the early stages (two full years of residential data on both TODR and SFDR as of February 2011) and 1 full year of ILO TLP data as of January 2011, there is a need to assess and interpret what the data means. Most members of the Project Steering Committee believe this is will continue to be their role. The project evaluator will be conducting interviews of the Steering Committee members in January 2011 and will present the findings to Director McEwen and Steering Committee to assist them in determining what the role of and mandate for the Steering Committee should be in the future.

***Multiple reform and innovation efforts underway at the same time may divert energy and focus from this project***

As reported in the last semi-annual report, Director McEwen is known for his innovation and creativity. He is a dynamic leader who

infuses a sense of urgency in his staff and other child welfare stakeholders. He has become a nationally known leader because of his demonstrated passion for the work and data-supported results. Overarching efforts to make the Department and its providers more family-focused and strengths-based in their approach continue unabated throughout all of the Department's divisions. The Department's Leadership Summits, held regionally in November and December, 2010 have provided opportunities for child welfare stakeholders at the local level to understand and "buy in" to the Director's vision.

Several major initiatives are underway at the same time. As mentioned previously, the Department is participating in a major planning effort regarding the merger of the Department of Juvenile Justice into DCFS. The statewide implementation of Differential Response and required participation as a national demonstration site for the randomized control trial being conducted under the auspices of the National Quality Improvement Center on Differential Response in Child Protective Services (QIC-DR) has required significant attention from senior DCFS leadership. During this reporting period the Department was notified of its selection as a national demonstration site for two major federal initiatives funded directly by the Children's Bureau, one related to Diligent Recruitment of Foster Families and another related to the reduction of length of stay in foster care, now known as the Permanency Innovations Initiative. The Department's efforts for the Permanency Innovations Initiative are being led by Twana Cosey, who is also the project director for the *Striving for Excellence* project. Chapin Hall, Northwestern and the Children and Family Research Center are also providing technical assistance and support for this grant which has the potential of limited their support of this project as well.

The implementation case studies conducted by the project evaluator in 2009 indicated that the impact of multiple reform efforts had a significant impact on frontline staff and supervisors in residential agencies, particularly the conversion of agencies to Medicaid at the same time as performance based contracting was being implemented. The extent and magnitude of work required of residential agencies to successfully convert to Medicaid billing and its impact on the delivery of services was not adequately planned for nor fully understood by the Project Steering Committee and DCFS leadership. Provider members of the High End Subcommittee and the Residential Provider Group continue to stress the impact of Medicaid conversion during every scheduled meeting. Preliminary impressions from the 2010 implementation case studies reinforce the 2009 findings. All five agencies visited reported the continued impact of Medicaid conversion on their daily activities.

#### **4. Implementation Facilitators**

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

##### ***Child welfare system leadership in the face of continued economic stress***

During the last reporting period FY 2010 funding for the Illinois child welfare system was preserved as a result of concerted efforts on the part of Director McEwen's leadership team and the private sector agency executives. Together they advanced a strong advocacy agenda which was successful in preventing draconian cuts. Director McEwen's knowledge and expertise were singled out in Judge Grady's order entered in *BH v. McEwen* as being essential in the court's findings of fact that proposed legislative budget cuts would be harmful to the Plaintiff class.

Although the so-called "doomsday" budget crisis of 2009 was averted, the impact of the recession remains evident throughout the system. Department staff who are not members of the union (all senior leaders) have been required to take 24 furlough days without pay throughout 2010, with no expected change in sight for the foreseeable future. In essence, non-unionized staff are required to take two days off without pay each month which has resulted in a 12% pay cut and the loss of work productivity. In the past, it was not unusual for Department staff to work on these days without pay any way. During this reporting period, Department staff subject to taking furloughs were ordered not to answer e-mails, not to come into their work sites or conduct any work related activities on their furlough days. As a result, it is at times difficult to obtain responses and/or guidance from senior leaders who may be out of the office on furlough days. Nevertheless, Department staff remain extremely committed to the system improvement despite experiencing personal sacrifice in their service to the public.

Throughout the life of this demonstration project, several private sector agency executives have devoted thousands of hours of professional and personal time in support of this initiative. This has become increasingly difficult in light of the current economic decline where private agency revenues have decreased while performance expectations have increased. The consistent commitment of Karen Rousey of the Babyfold (Co-Chair of the CWAC High End Subcommittee, member of the Residential Performance Monitoring Workgroup and the Data Test Workgroup), Dennis Wiley of Onarga Academy (Co-Chair of the Residential Performance Monitoring Workgroup, member of the High End Services Subcommittee and the Data Test Workgroup) and Mary Hollie of Lawrence Hall Youth Services (Co-Chair of the Older Adolescents Subcommittee and ILO TLP Workgroup) to this project through their dual

roles of service on the Project Steering Committee and chairing related CWAC subcommittees and workgroups, has been essential to the success of this project. Their respective agencies supported their involvement in leading the project, which often meant traveling to and from meeting locations several hours from their work site. All travel costs were born by their agencies and were not reimbursed by the Department. Lawrence Hall Youth Services provided a dedicated meeting space for the Steering Committee for each Steering Committee meeting. Despite the economic hardships evident in both the public and private sectors, both remain committed to serving the children, youth and families entrusted to their care.

***Sophistication of data analysis being conducted in Illinois and stakeholder commitment to determining the effectiveness of the performance based contracting model and improving it***

The level of sophistication in data analysis in Illinois is extraordinarily high. Although the ability of the Department to make this data readily available to providers for the first two quarters of FY 2010 was hampered by problems related to RTOS programming, the data is now available and is being used. As an example of the capacity of the Department, and the ability of Brice Bloom-Ellis in particular to format the data for use, a comparison of agency monthly trends on the TODR performance measures is attached as **Exhibit 12**. This ability, coupled with the help of university based child welfare researchers to analyze the performance data is unique and will not be easily replicable in other states. It remains the culture in Illinois to continuously strive for excellence to better understand the driving factors which lead to better outcomes for children and youth.

The Residential Data Test Workgroup (DTWG) continues in its efforts to refine the risk adjustment model to include a clinical variable, although this has yet to occur. Although the clinical variable identified through the CANS are still under consideration for inclusion in the model, and the use of the CANS is the expressed preference of Director McEwen, the data has not yet achieved a level of reliability where there is consensus about its use these purpose. When data becomes available from the 2010 census the population density variable in the model will be adjusted accordingly.

***Continued active participation by both the public and private sectors in the workgroups responsible for project implementation***

As noted in prior Semi-Annual Reports filed on behalf of this project and in the table of meetings set forth in Section II.A.6. below, 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.

It should be noted that for most members of the Project Steering Committee, who also chair CWAC Subcommittees and Workgroups, participation in this project averages as many as 15 to 20 hours per month in actual meeting time, exclusive of travel, preparation time and tasks resulting from the meetings attended.

Overall, the *Striving for Excellence* project has held over 500 collaborative meetings since its inception in January, 2007.

***The coordination of efforts internally by DCFS under the guidance of the Performance Based Contracting Implementation Team***

The DCFS PBC Implementation Team was formed to coordinate internal Department PBC/QA efforts across divisions and units. This cross functional 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), Operations, Placement and Permanency, Monitoring, and Quality Assurance. The Communications and Legal divisions are included on an “as needed” basis. The fiscal staff, located in Springfield, Illinois and the project evaluator attend the meeting telephonically. During this reporting cycle, the weekly meetings of the Implementation Team were changed to monthly.

The coordination of efforts between both the fiscal staff and the programmatic staff remains an important factor in the successful implementation of the project. The Implementation Team provided internal leadership by setting priorities and coordinating activities. They identified the need to develop an integrated strategic management plan to more clearly define the goals of the residential treatment system as a whole, its financing structure, necessary infrastructure and supports. During this reporting period unused bed capacity has increased which required closer monitoring and trend analysis by the Implementation Team. The reports prepared by the DCFS Fiscal Office and provided to the Placement and Permanency division of the Department has led to increased communication between the two divisions and identification of barriers to successful placement of youth in beds which have been set aside for their needs in the most fiscally sound manner. This has also resulted in enhanced capacity to forecast future bed needs by closely tracking the need for specific types of placements. At the time of the filing of this report the Implementation Team is considering the reduction

of capacity for two agencies which have had unused capacity throughout the first half of the FY 2011 fiscal year and have failed to attain performance benchmarks.

During this reporting period the Implementation Team also oversaw the successful transition of youth from programs whose residential contracts were terminated at the end of FY 2010 and two agencies who voluntarily reduced their bed capacity. They also continue to monitor closely the eleven other agencies which were placed under corrective action plans targeting specific deficiencies in performance. These plans were previously reviewed for sufficiency by the Implementation Team and members of the DCFS Residential Strategic Planning Workgroup. This level of coordination between DCFS divisions had not been attempted in the past and has been essential in overcoming existing bureaucratic silos.

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

Support for this initiative continues to be very strong among university based researchers without whose assistance a project of this statistical sophistication could not continue. 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 of the residential DTWG and continue to refine the residential risk adjustment model. Dr. Zinn along with Dr. Morris and Deann Muehlbauer of UIC also serve as members of the ILO TLP Data Management Workgroup. Dr. Zinn's work remains critical in helping this group more clearly define the performance outcomes and adjust them for risk. Dr. Morris and Ms. Muehlbauer lend technical expertise to this group. The project evaluator also attends meetings to provide the group with evaluation findings relevant to their work and to document the process.

***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 Statewide Provider Forums hosted by CCAI proved to be very valuable opportunities for face-to-face communication between attendees and project leaders. While the Provider Forums have been an excellent vehicle by which information about project status has been conveyed, over the past year they have been devoted to highlighting best and emerging

practices designed to improve to improve their performance on the contractual outcome measures.

The Residential Data Test Workgroup's electronic "base camp" continues to be used to post minutes, reports, relevant research, and meeting notices. This tool is also useful both between and 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.

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. During this reporting period, members of the Data Test Workgroup held two provider meetings in June, 2010 to present the proposed changes to the residential performance contracts for FY 2011. Personal outreach was deemed important because of the recommended imposition of penalties for the lowest performing agencies on SFDR in addition to changes made to the risk adjustment model related to length of stay. These presentations were held at the Babyfold in Bloomington and in Chicago. This presentation is attached as **Exhibit 13**.

### ***Increasing emphasis on the identification and sharing of best practices***

A stated goal of the *Striving for Excellence* project has always been the identification and sharing of best practices. As the comfort level in the performance outcome measures increased following the first full fiscal year, the Project Steering Committee has stressed the need to look at those agency practices which lead to improved outcomes and to share those practices with agencies which may be struggling. The Residential Performance Monitoring Workgroup has established a sub workgroup to address best practices which will be responsible for this work. The Older Adolescents Subcommittee meetings include discussions of identified best practices pertaining to working with older youth.

The CCAI Best Practices Summit held on October 21, 2009 reflected the shift in emphasis at this stage of project development towards sharing best practices and learning from mistakes made following the first year of residential performance based contracting and during the initial phases of ILO TLP implementation. The final Statewide Provider Forum funded through the use of QIC PCW funds was held on October 29, 2010 at Governor's State University. The theme of this Forum centered on the role of family engagement and involvement in improving outcomes for youth in residential care. Presentations were made by Jodi Levenson-

Johnson regarding the SAMHSA funded Building Bridges initiative (attached as **Exhibit 14**) and by representatives from Allendale Association in Lake Villa, Illinois (attached as **Exhibit 15**).

The informal Residential Providers Group monthly meeting at the Babyfold as mentioned throughout this report is also used as a means to disseminate information about “what is working and what is not” to help improve practice.

***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 and implementation of the Centralized Matching Team (CMT) during previous reporting cycles is an example of this. During the prior reporting period, the providers expressed concerns that the matching process was not as effective as it could be. The ad hoc workgroup which designed the CMT was reconvened to address these issues immediately.

The Director’s challenge to reduce length of stay at the end of the prior reporting period resulted in significant and on-going work on the part of the Data Test Workgroup during this reporting period to analyze and resolve this issue successfully. Performance benchmarks were established for the FY 2011 contracts through extraordinary efforts of the DTWG, especially those who serve on the risk adjustment subgroup.

***Enhanced focus on strategic and long-term system wide planning***

Both the Department and the residential providers continued to engage in strategic planning efforts, albeit separately, during this reporting period. The Department’s Strategic Planning Workgroup continued towards the development of an integrated system of care. They reviewed prior Department system of care efforts in the late 1990s and the start of this decade to determine what caused those efforts to fail and what lessons should be learned from this to inform this current initiative. They are continuing to define and refine the Department’s philosophy as related to the use and duration of residential treatment. Although time constraints and work commitments have prevented members of the workgroup from visiting Wraparound Milwaukee as previously planned for this reporting period, they did explore the viability of a capitated financial model and researched other sites where this model has proven to be effective, most notably Tennessee. A smaller work group has been established to further explore this model and will prepare a white paper for Director McEwen with recommended findings.

A significant focus of the Department's planning efforts during this reporting period involved further exploration of family engagement models of practice. Through the help and assistance of KIDS Central, Inc of Ocala, Florida (a sister demonstration site of the QIC PCW), their Chief Operating Officer Irene Rickus met with the DCFS Strategic Planning Workgroup in Chicago on October 28, 2010. Ms. Rickus discussed Kids' Central's use of Family Finders as a family engagement model which has led to improved outcomes, particularly related to permanency and reductions in length of stay in foster care. She gave examples of youth placed in residential care that have been successfully stepped down to relative placements through the use of this model. Although there are significant differences between the Florida and Illinois child welfare systems (most notably Florida's Title IV-E waiver and the use of the lead agency model to support community based system of care development) the presentation raised critical points for consideration as the Illinois moves forward with strategies to infuse family engaged practice into residential care.

The private provider agencies, through the Residential Provider Group, also continued their strategic planning which was begun in the last reporting period. They had previously identified barriers to successful step-downs and are now in the process of examining in depth those systemic issues over which they have control. Since many residential agencies are part of larger child welfare full service agencies, including foster care case management functions, the December, 2010 Residential Provider Group meeting is devoted to a discussion with foster care case managers about the step-down process and how to more effectively work together to ensure smoother and more timely transitions from residential to lower levels of care.

Although the public and private strategic planning efforts have been done separately to date, both sectors remain committed to effectively serving this vulnerable population through the use of evidence based and informed practices. All parties recognize that significant resources are needed at the community level to support step-downs from more restrictive settings. The nature and breadth of these service needs will need to be determined through a collaborative planning process.

***Technological supports have the enhanced capacity to support ILO TLP data collection and reporting efforts***

During this reporting period significant gains were made in the development and deployment of an automated means by which ILO TLP performance data is collected and reported. Monitors and providers have worked together to iron out the process by which youth and provider

compliance is reported and verified. Issues arose related to the format and transmission of the reports to the agencies. Unlike residential, where the providers have access to the RTOS database to check the Department's performance data at the agency, contract and client levels, the ILO TLP data is not maintained on a web-based system which allows for this. The data system is antiquated and contains much room for error. The providers submit a report to the monitors who are then responsible for verifying the data contained therein. For example, if a provider reports that a youth has obtained his GED, the monitor will verify this by visually checking the document and in turn reporting this is accurate. Monitors reports are then transmitted to Chrysalis to be placed in the data base. Initial reports during the first quarter of this fiscal year contained many errors. Providers were asked to reconcile the reports with their own data and work closely with the monitors to rectify discrepancies. This process has been very cumbersome and time consuming for all parties. With the advent of direct reporting capability in SACWIS the potential for reducing errors in coding and increasing the reliability of the data is enhanced. The DCFS monitors will review and verify the reliability of the data reported.

## 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 noted in the last semi-annual report which contained findings from three years of semi-structured interviews conducted by the project evaluator, all members continue to believe the use of this existing structure was appropriate and necessary in order to facilitate system change of this magnitude. All members also indicated this collaborative structure should be used in the future for other large scale system reform efforts. In light of the success of the project model used for this project, an organizational structure similar to the one used for this project has been employed for the new Differential Response initiative and is under consideration to guide the recently funded Permanency Innovation Initiative. New task groups, such as the ILO/TLP Data Management Workgroup and the Best Practices Workgroup, and the

Centralized Matching Workgroup were formed to resolve specific issues which have surfaced through project implementation.

With its long-standing representation of private child welfare agencies CCAI provided leadership in providing consistent means of communication dedicated to this project. CCAI continues to update its members through the use of a computerized electronic mail system, the dissemination of the weekly *Monday Report* electronic newsletter detailing issues of concern to child welfare professionals, project updates posted on its web site and facilitation of Statewide Provider Forums for critical stakeholders.

Although not a “formal” partner of this initiative, the “informal” Residential Provider Group has been an essential means by which information about the project is disseminated and feedback is provided to the Project Steering Committee. Providers attending the monthly Provider Group meetings are not necessarily members of CCAI and view these meetings as critical to developing their knowledge of the project, therefore during this reporting period the evaluator has included them in this section as a designated partner.

### ***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 reporting cycle 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.

During the latter half of the prior reporting period and throughout this reporting period the frequency and duration of meetings, particularly those of the Data Test Workgroup increased due to reasons noted in this report. Given the challenges impacting the Illinois child welfare system as documented elsewhere in this report, it is remarkable that Workgroup members have continued to attend lengthy meetings, often at great distances from their place of work or residence. It is difficult to determine if this level of intensity can be maintained over time.

Outreach efforts continued during this reporting period for residential agencies to apprise them of proposed changes to the FY 2011 contracts related to the imposition of additional penalties for SFDR low performers and heightened emphasis on length of stay. Two provider meetings were held by the Data Test Workgroup in June, 2010 to provide updated project information, the rationale behind the proposed changes, and to answer questions related to the project.

Teleconference numbers have been provided for almost all *Striving for Excellence* project related meetings, but occasionally there are technical difficulties associated with the calls. The Babyfold, which hosts the monthly Residential Provider Group meetings, invested in a new phone to increase the likelihood of clearer service and to allow additional callers to gain access to the meetings telephonically. The residential providers participating in this meeting have made a conscious decision to make every attempt to attend these monthly meetings in person to enhance the likelihood that all providers will fully understand the discussions and the policy changes being considered. Although technology has allowed greater access to information, most agencies prefer to attend meetings in person to network with providers face to face. Many smaller agencies have reported increased travel costs have inhibited their ability to attend project meetings making teleconference their only means of actively participating.

The Project Steering Committee semi-structured interviews conducted over the past three years indicate project leadership views collaboration as a positive by product of this project, although there is recognition of the need for increased diversity in the subcommittees and workgroups tasked with project planning and implementation. During this reporting cycle, the Project Steering Committee has experienced a vacancy with the resignation of Tom Finnegan as co-chair of CWAC. His replacement has yet to be named as of the writing of this report.

## **6. Service Outputs**

The Illinois project 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 collaborative meeting listed below was held for a minimum of one hour in duration, with whole or half day sessions held by several workgroups as project development needs required. The Residential Provider meetings at the Babyfold are scheduled for four hours, but frequently last longer. The DCFS Strategic Planning sessions have also been held for at least four hours.

During the course of the past two years this project has been operating on two separate tracks: residential and ILO/TLP. Therefore, the primary focus of these meetings has differed depending on whether the Subcommittee or Workgroup was working on issues pertaining to residential or ILO TLP. The primary focus for meetings addressing residential care was to further refine the risk adjustment strategy, monitor the performance indicators and analyze agency performance on TODR and SFDR. In this reporting period significant time and effort has been placed in making changes related to length of stay in the contracting model and responding to the budgetary implications of the loss of funds for performance incentives. In ILO TLP related meetings, work focused on analyzing the first year of performance data, developing a fair incentive process to encourage improved performance (which ultimately was held in abeyance due to lack of funding), increasing the fidelity of the data collection process, and testing the reliability of the new automated reporting system in SACWIS.

### ***Tasks Accomplished During Reporting Cycle***

The Project Steering Committee, CWAC Subcommittees and Workgroups, DCFS Implementation Team, DCFS Residential Strategic Planning Workgroup, and the informal Residential Provider Group performed the following tasks during the course of the meetings held from April 15, 2010 through December 1, 2010:

- Monitored, reported, analyzed and refined the FY 2010 and first two quarters of FY 2011 residential treatment performance indicators, i.e.
  - Treatment Opportunity Days Rate (TODR)
  - Sustained Favorable Discharge Rate (SFDR);
  
- Monitored compliance of eleven residential agencies required to submit corrective action plans to address performance deficiencies from FY 2009;

- Terminated three residential agency contracts for poor performance and accepted the voluntary reduction in service capacity by two other agencies; executed transition plans to successfully relocate the youth placed in these programs to other agencies;
  - Determined fiscal penalties to be paid by residential agencies for failure to attain TODR benchmarks set for FY 2010 through a reduction in FY 2011 payments;
  - Further analyzed TODR to explore suspected variances caused by prior living arrangement to determine if the risk adjustment model should be changed or modified if this variable shows statistical significance;
- Continued to monitor and assess the causes of bed unused capacity monitored system capacity needs for use in development of the FY 2012 performance contracts;
  - Continued to identify barriers to the successful use of the Discharge and Transition Protocol and recommended strategies to as a means to ensure successful and sustained post-discharge placements;
  - Identified causes of longer lengths of stay in residential treatment from a review of existing literature and began detailed analysis of existing data to enhance the risk adjustment model by the inclusion of relevant variables currently missing from the model;
  - Developed and recommended significant changes to the FY 2011 residential contracts based upon analysis of performance data to date and the lessons learned from it, including:
    - Changing the length of spell risk factor in the model to more accurately reflect the probability of sustained favorable discharges;
    - Applying a multiplier to the length of spell risk factor to increase performance expectations for all providers;
    - Assessing a penalty for the lowest performers (in the 25<sup>th</sup> quartile of performance) on the SFDR performance measure, yet holding the payment of that penalty in abeyance for one year and forgive payment if provider performance exceeds benchmarks set in FY 2012;
    - Changing the SFDR thresholds from 180 to 80 days to reduce early post-discharge failures and promote longer term stability;
    - Targeting fiscal incentives to emphasize family reunification;

- Eliminating the incentive payments for step downs from severe to moderate RTCs;
  - Improving the accuracy of performance benchmarks by issuing preliminary benchmarks at the start of the fiscal year, updating them at the mid-point of the fiscal year, and issuing final benchmarks based on actual population served that fiscal year;
  - Capping incentive payments to a total of \$2 million for FY 2011;
  - Setting a 30 day cap on continuous absences so that absences beyond this time period would not be counted against TODR.
  
- Researched the feasibility of a capitation pilot for residential;
  - Monitored, reported analyzed and refined contractual performance outcomes for ILO/TLP for FY 2010, i.e.
    - Transitional Living Placement Stability Rate (TLPSR);
    - Discharge Potential Rate with Indicators of Self-Sufficiency (DPR/ISS)
  
  - Identified barriers impacting successful data collection and reporting and developed strategies to overcome them;
    - Tested the automated reporting process for ILO and TLP performance outcome measures in SACWIS through the use of dual reporting process;
  
    - Determined a fair and transparent fiscal incentive strategy to award agencies for high performance upon completion of FY 2010;
  
    - Convened the final QIC PCW funded Statewide Provider Forum to review project performance and share best practices related to family engagement and involvement;

**Table 3** below reflects the meetings held during this reporting period pertaining to the *Striving for Excellence* project where the project was the principle agenda item. Dates marked with an “\*” under the Residential Data Test Workgroup section of the table are for sub-working group meetings or conference calls held to address statistical risk adjustment models for both residential and ILO TLP. These meetings do not have equal representation of public and private members, but are held with Brice Bloom-Ellis of DCFS and university partners only. They are included here to reflect the necessary time commitment required of critical stakeholders for a project such as this.

Over **500** collaborative meetings have been held since the inception of this project in January 2007.

**Table 3: Collaborative Meetings Held Pertaining to the *Striving for Excellence* Project from April 15, 2010 through December 1, 2010**

<i>Committee/Workgroup</i>	<i>Purpose</i>	<i>Meeting Dates</i>
<b>Project Steering Committee</b>	Provide overall project direction and guidance, assign tasks to and review products of the CWAC Subcommittees and Workgroups, make recommendations on PBC/QA implementation	April 15, 2010 May 20, 2010 July 27, 2010 August 19, 2010 September 16, 2010 December 16, 2010 (scheduled)
<b>CWAC High End Subcommittee</b>	Review and approve, modify or reject the recommendations for PBC/QA developed by the Residential Monitoring Subcommittee	April 8, 2010 June 10, 2010 August 12, 2010 October 14, 2010
<b>Residential Monitoring Workgroup</b>	Review and approve, modify or reject the recommendations for PBC/QA of the Data Test Workgroup	April 23, 2010 May 21, 2010 July 8, 2010 August 12, 2010 November 18, 2010
<b>Data Test Workgroup (Residential)</b>	Refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for residential providers	April 1, 2010 April 5, 2010* April 12, 2010* April 21, 2010* April 23, 2010 April 26, 2010* April 30, 2010 May 5, 2010* May 6, 2010 May 12, 2010* May 14, 2010 May 17, 2010 <sup>8</sup> May 19, 2010* May 21, 2010

<sup>8</sup>This meeting was not a formal workgroup meeting, but a meeting of a select group of DTWG members with Director McEwen to discuss his mandate regarding shortening length of stay in residential care and the recommendations of the DTWG regarding it.

		June 2, 1020* June 9, 2010* June 30, 2010* July 6, 2010* July 8, 2010 July 13, 2010 July 28, 2010* August 4, 2010* August 11, 2010* August 12, 2010 August 18, 2010 August 25, 2010* September 8, 2010* September 10, 2010 September 15, 2010* September 22, 2010* October 6, 2010* October 13, 2010* October 15, 2010 October 27, 2010* November 3, 2010* November 12, 2010 <sup>9</sup> November 15, 2020* November 18, 2010
<b>Best Practices/Safety Workgroup</b>	Identify best practices in residential care and treatment and disseminate findings to the field	May 6, 2010
<b>Discharge and Transition Protocol Advisory Council</b>	Oversee implementation of the Residential Discharge and Transition Protocol	April 5, 2010 May 3, 210 June 7, 2010 August 2, 2010 September 13, 2010 November 1, 2010
<b>ILO/TLP Data Management Workgroup</b>	Develop, refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for ILO/TLP providers	April 6, 2010 April 27, 2010 May 27, 2010 July 15, 2010 August 18, 2010 September 15, 2010 October 28, 2010

<sup>9</sup> This meeting was not a full meeting of the DTWG but of a smaller group of DTWG members tasked with looking at the feasibility of a capitation model pilot.

		December 3, 2010 (scheduled)
<b>Older Adolescent Subcommittee and ILO/TLP Workgroup<sup>10</sup></b>	Develop, refine and PBC/QA for Independent and Transitional Living providers	April 15, 2010 May 20, 2010 June 17, 2010 August 19, 2010 September 16, 2010 November 18, 2010
<b>Finance and Administration Subcommittee</b>	Develop, refine and implement the financial structure for the performance based contracts	May 24, 2010 July 22, 2010 September 14, 2010 November 30, 2010
<b>Residential Provider Group<sup>11</sup></b>	Provide input and inform the CWAC Subcommittees and Workgroups on project impact from the greater child welfare residential provider community	June 4, 2010 July 9, 2010 August 6, 2010 September 10, 2010 October 8, 2010 November 5, 2010 December 3, 2010 (scheduled)
<b>DCFS Internal Implementation Team</b>	Coordinate DCFS implementation efforts internally	April 1, 2010 April 8, 2010 May 13, 2010 June 10, 2010 July 15, 2010 August 8, 2010 September 9, 2010 October 14, 2010 November 4, 2010
<b>DCFS Strategic Planning Workgroup</b>	Develop long range strategic plan for residential treatment services in Illinois	April 2, 2010 April 16, 2010 May 6, 2010 May 19, 2010 June 10, 2010 July 14, 2010

<sup>10</sup> The Older Adolescent Subcommittee and the ILO/TLP Workgroup have held joint meetings at this stage of project implementation.

<sup>11</sup> 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.

		August 20, 2010 September 15, 2010 October 28, 2010 November 19, 2010
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## 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. This was reaffirmed in subsequent rounds of semi-structured interviews of the Steering Committee. 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.

This project's established communication strategies 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 continue to 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 uses an electronic "base camp" to post minutes, reports, relevant research, and meeting notices. Face-to-face meetings were held for providers and the Data Test Workgroup to inform them of proposed changes to the FY 2011 contract. List serves have been used by both the Residential Provider Group and the CWAC Older Wards Subcommittee to disseminate information about the project for both CCAI and 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.

Given the potential merger of the Department of Juvenile Justice into the Department of Children and Family Services, and the significant proposed changes resulting from the proposed cuts to FY 2010 and 2011 fiscal incentives, it will be critical over the next 6 months for the existing communication strategies to be used more effectively and for other less traditional measures be considered to ensure all stakeholders have access to the most up-to-date and accurate information. Rumors related to the Juvenile Justice merger continue to circulate with the potential for inaccurate information being disseminated widely. The lack of information and clarity on the status of the payment of the FY 2010 residential performance incentives has undermined collaboration. The Department should consider using social networking sites such as Twitter and Facebook to rapidly disseminate notice of project updates to the providers and other child welfare stakeholders pertaining to both the merger and the *Striving for Excellence* project and refer them to the D-Net for more detailed information.

***Need for sustained and committed leadership dedicated to project implementation***

There was considerable anxiety exhibited prior to the gubernatorial election in November over the potential for DCFS leadership changes brought about through executive branch change. It appears that Director McEwen has the support of the Governor at this time and stability of public agency leadership will continue. Director McEwen has been the DCFS Director since the inception of this demonstration project which has benefited project management and oversight.

The Project Steering Committee members noted the importance of the full engagement of Director McEwen in project activities and implementation during interviews conducted following Year 1 and Year 2. They stressed 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. In the final year of the project it has become harder for the Director to attend Project Steering Committee meetings given other competing priorities. The lack of the Director's presence at Steering Committee meetings has led to private provider members questioning his support and commitment to this project, although Executive Deputy Director Murray continues to attend meetings and co-chair.

The private agency executive leadership engaged in this project remains strong and consistent. The private agency leaders who serve on the Project Steering Committee are now viewed by the wider child welfare



community as experts in performance based contracting. Their willingness to provide technical assistance and support to agencies struggling with implementation has helped to allay anxiety and fear. They are perceived as advocates for the private sector, but also as strong partners of the public sector.

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

This project has highlighted the need to take a systemic and holistic approach to child welfare system reform. The use of performance based contracting in residential care would not have been possible without the changes made to streamline, automate and centralize the admissions process. The Centralized Matching Team (CMT) has decreased the time from referral to admission. Providers report the youth now being referred to them are more appropriate. It should be noted that Director McEwen, a strong proponent of the “no decline” policy, has publicly stated the Department’s own staff has now been forced because of performance based contracting and the no decline policy to take ownership of and responsibility for the matching process. He reports that the Department can no longer just refer a youth to any bed which is available, but has the obligation to refer youth to programs in which they can be successful.

The Department recognizes the need to improve its forecasting of need. This project highlighted gaps in information and data needed to more effectively project from one fiscal year to the next the types of beds needed, particularly for specialty populations such as pregnant and parenting teens and sexually problematic behavior youth.

The Discharge and Transition Protocol has proven to be a valuable tool to help streamline the discharge process and heighten the likelihood of sustained stability in step-down placements. Its use has highlighted gaps in service assessment and provision, especially for community-based services to support successful placements in less restrictive settings. It also helped to identify other systems, such as community mental health, education, and foster care case management, which impact residential agency performance. Agencies are reporting increased awareness of the performance of other agencies, particularly those foster care or specialized foster care agencies to which youth could be stepped down, with strategies being developed at both the state and regional levels to more fully engage case managers in understanding the Discharge and Transition Protocol and to use it as a tool to guide successful step-downs.

This will be particularly important now that all residential agencies are aware of the performance of other residential agencies. FY 2010 ILO TLP performance data will be released after final reconciliation and

vetting of the data. Since most older youth are discharged from residential into TLPs, this data ranks the performance of agencies on TLP Stability Rate. It is likely that residential agencies will want youth discharged from their programs to be placed in TLPs which have a greater likelihood of ensuring placement stability to support their sustained favorable discharges. Although there is no formal process by which a residential agency can mandate placement in a particular step-down program, many agencies are reporting they are increasing their advocacy efforts in the CAYIT and CMT process and being more forceful in recommending post-discharge placements with those providers with which they have developed a good working relationship as a result of contacts now mandated by the Discharge and Transition Protocol. With the increasing transparency of agency performance data, it is expected that advocacy efforts will also increase with sending agencies more actively engaged in the influencing post-discharge placement decisions.

In these times of economic recession, when resources are scarce and the cost and duration of residential care continues 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.” The forecasting of need continues to be more of an “art” than a “science” at the present time. While there will always be a certain percentage of residential beds open and unfilled to accommodate the best interest of children and youth who will either return to those placements or are transitioning to and/or from them, the Department is aware of the need to build better forecasting models to assist in managing capacity.

The preliminary findings from the implementation case studies and the residential corrective action plans resulting from the FY 2009 contract performance have demonstrated the need for the Department to be very clear about the type and quality of services it wishes to purchase on behalf of children and youth. The preliminary discussions in the Strategic Planning Workgroup on models which support family engagement is a good sign of progress. A clearly defined treatment/clinical model should be required of all agencies with a demonstrated evidence base to support its use.

### ***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. 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 in the ILO TLP programs. In prior reports, coding issues in residential treatment services were detailed. During the prior reporting period because of the large amount of time dedicated to examination of the data available in the ILO TLP programs which could be used to support performance based contracting, issues arose over the recording and coding of reasons youth were absent from care. This problem has continued to plague the implementation of performance based contracting in ILO TLP as the first full year of performance data is being reconciled. Definitions and the policies clarifying them should be fully developed prior to implementation and not during it.

It is still not clear that all ILO TLP providers code absences from care in the same way. The issue continues to arise in the ILO TLP Data Management Workgroup. Confusion still exists as to what constitutes and absence from care and the time frame in which it must be reported. This underscores the principle that “words matter.” Although it was determined during this reporting period that funds are not available to award fiscal incentives, therefore the urgency to ensure the accuracy of the data may have been diminished on the part of some providers, the performance rankings will be published therefore those providers who did not perform well will be subject to heightened scrutiny. It is evident that until clear definitions and coding guidelines are established and consistency in recording is maintained by both the private agencies and the DCFS monitors, it will be difficult to ensure the integrity of the performance data in ILO TLP.

Without reliable data upon which to measure performance outcomes, performance based contracting cannot be an effective tool to drive system improvement. While both the private providers and DCFS staff serving on the ILO TLP Data Management Workgroup believe they can overcome these data challenges, the need to educate the greater provider community and the DCFS monitors to consistently apply shared contractual standards to daily practice is daunting.

***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 continues to respond to questions related fiscal problems and concerns, especially

during these times of economic downturn. The Department's "Frequently Asked Questions" document has been useful in helping residential providers understand the relationship between their performance on the two residential outcome measures and their potential fiscal penalties and rewards. With the deployment of the RTOS reporting mechanisms, agencies now 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.

More residential agencies are reporting that they are tracking to potential fiscal implications of a TODR penalty now that they have had the opportunity to see how the penalties were calculated, assessed and reconciled following the FY 2009 fiscal year. Agencies are reporting that the ability to calculate their potential penalty has allowed them to prepare for this assessment and make contingency plans for upcoming fiscal years. They also report closely monitoring the progress of youth post-discharge to increase the likelihood of a successful sustained placement which would entitle the agency to a bonus. Although this ability was disrupted during the past reporting cycles due to administrative changes related to the RTOS project being transferred from Objective Arts programmers to those that are Department employed and the Department's prioritization of technology projects due to limited resources, agencies rely upon RTOS to reconcile data and forecast their fiscal liability. During the time frame where RTOS was not updated to include FY 2010 performance data, their ability to access the Department's data to allow immediate reconciliation was diminished. This has now been rectified and reinforces the lesson that technology supporting the ability of both the public and private sectors to access performance reports is an essential element for successful use of performance based contracts.

In an effort to increase the transparency of governmental funds expended, contract amendments were developed for FY 2010 contracts and language inserted in the FY 2011 contracts which requires agencies receiving fiscal incentive awards under performance based contracting be required to report how they spent the funds awarded to them. Although the use of the funds was not specifically directed by the Department, it is expected that incentive funds would be used to support system innovation and improvements. Specific language also allows that funds can be spent to offset deficits in the operating budget if necessary.

Given the current budgetary situation existing at the time of the filing of this report, the status of the project's fiscal penalties and incentives for both FY 2010 and FY 2011 remains unclear. Regardless of what ultimately happens, both the public and private sectors have recognized the importance of closely aligning programmatic performance

expectations with budget and finance and closely tracking the potential implications throughout a given fiscal year.

### ***Criticality of internal coordination of efforts in the public agency***

The DCFS Implementation Team has taken the lead in coordinating efforts and overcoming internal bureaucratic barriers and silos within the Illinois Department of Children and Family Services. The organizational structure of the Department is complex. There are six different divisions with direct impact on this project: Placement/Permanency, Clinical Practice/Professional Development, Service Intervention, Budget/Finance, Field Operations and Monitoring. Three other divisions have tangential involvement: Child Protection, Planning/Performance Management and Communications. The Implementation Team, led by Placement and Permanency Deputy Director Kara Teeple, identifies the division with oversight and authority to address problems which arise.

Using a collaborative model, the Team analyzes the problem and works with staff assigned to the division impacted to resolve the issue. This has been particularly helpful in assessing the issues raised as a result of the underused capacity in residential care. The complexity of the problem could not have been identified without the full engagement of the Fiscal Office, Field Operations, Monitoring and Placement/Permanency. The Team continues to closely monitor bed capacity each week and regularly communicates on the status during the week. The ability of the Team to work collaboratively to ensure the needs of children and youth entrusted to its care are appropriately treated is critical.

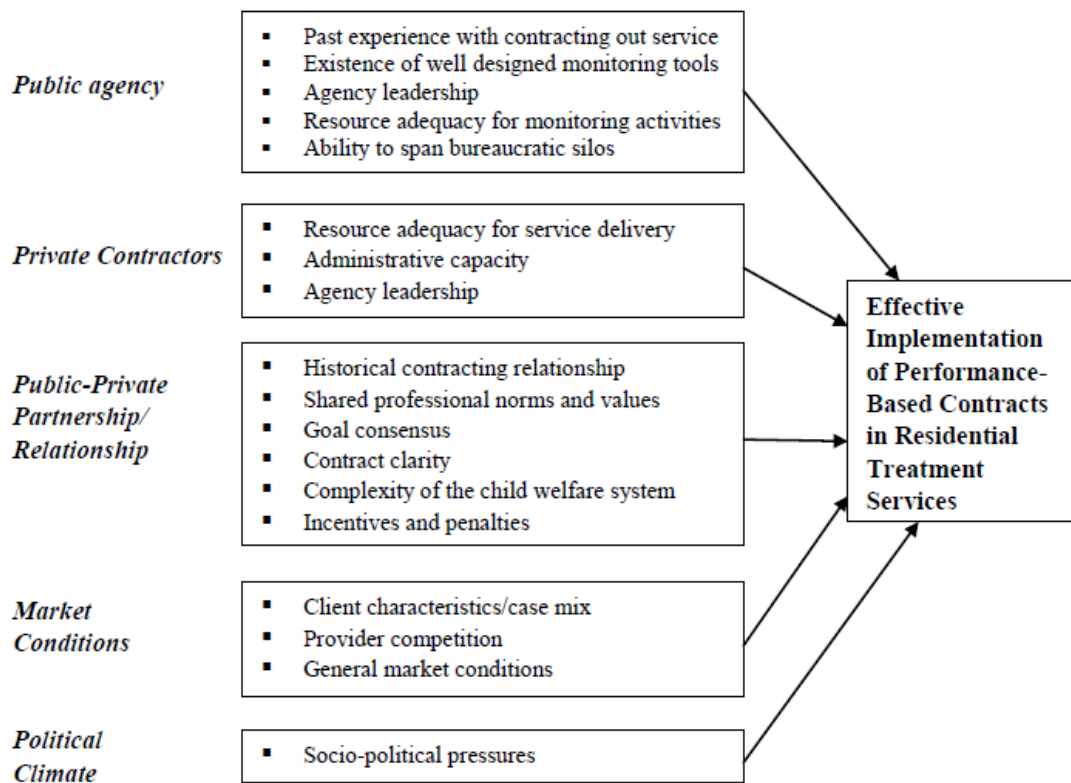
The increasing number of youth needing intensive residential services with increasing lengths of stay has impacted the ability of the Department to control costs. The 100% bed guarantee, while critical to obtain provider buy in to performance based contracting by allowing them to develop a budget from a steady and known revenue stream, is difficult to justify in a constrained fiscal environment. The close coordination of the Fiscal Office with Placement and Permanency has led to a reduced number of empty beds and an effective cost containment strategy. This level of coordination between the Department's divisions will become more critical with the impending merger of the Department of Juvenile Justice.

Further elaboration of the importance of this "lesson learned" and the literature upon which it is based forms the basis of the article written by Judge Kearney, Brice Bloom-Ellis and Roger Thompson for a special edition of the Journal of Public Child Welfare some time in 2011. The article is currently under review by the editors. Drawing on literature

from both social work and public administration, the authors propose and discuss a theoretical framework which underpins the successful implementation of performance based contracting in residential care in Illinois using the process evaluation findings of the *Striving for Excellence* project as a case study. Because of the limited data available from the ILO TLP aspect of this project, this article was limited to residential treatment services only.

**Figure 5** represents the theoretical framework reported in the article:

**Figure 5: Framework for Implementation of PBC in Residential Services in Illinois**



This framework takes into consideration both public and private sector perspectives, the partnership which exists between the two sectors, and the contextual variables inherent in all governmental contracting relationships related to market conditions and political climate (Kearney, Bloom-Ellis & Thompson, 2010). The Department’s extensive history with the use of performance based contracting to obtain privatized child welfare services, the commitment of agency leadership and the existence of dedicated monitoring division with well-trained and resourced staff is well documented. The creation of the cross functional Implementation

Team has allowed the Department to span bureaucratic silos to better identify implementation barriers and rapidly resolve them. Effective implementation within private agencies requires adequate resources for service delivery, the administrative capacity to ensure proper oversight and fidelity to a treatment model which leads to improved performance outcomes, and agency leadership which is supportive of the organizational change required to operate in a performance based environment.

This theoretical framework also takes into consideration the lessons learned from Research Question 1 regarding whether an inclusive and comprehensive planning process produced broad-scale buy-in to clearly defined performance based contract goals and on-going quality assurance. In assessing the public-private partnership in Illinois, the long standing collaborative relationships between the individuals assigned to lead this effort pre-dated this project. The Department had a lengthy history of contracting with private residential treatment agencies. Shared professional norms and values were clearly established over time through the use of the Child Welfare Advisory Committee (CWAC) to guide system reform and innovation. The Data Test Workgroup operates as a “collaborative alliance” as defined by Gray (1989) in that it is a “group of autonomous stakeholders of a problem domain engaged in an interactive process, using shared rules, norms, and structure, to act or decide issues related to that domain.” The Department, the Project Steering Committee, and the CWAC Subcommittees all relied upon the expertise and objective fairness of the DTWG to design and lead this project, especially in light of the complexity of the child welfare system and the data analysis which must occur to ensure adequate information is available upon which effective management decisions are made.

At the inception of the *Striving for Excellence* project Director McEwen made clear that the project was not put in place to shrink the number of beds available or “downsize” the number of youth in residential placement. He made it clear that the market conditions demonstrated a need for residential placements, especially for those which care for more severely disturbed youth. There was a demonstrated and acute need for residential placements, which could only be alleviated by managing the use of this resource more effectively through shorter lengths of stay, with more effective treatment models to provide improved outcomes while in care, and successful transitions to lower levels of care where residential treatment gains can be sustained over time to prevent a return to more restrictive levels of care. While the demand exceeds supply, the Department has demonstrated its stated intent to improve the quality of care by terminating contracts based on poor performance and expanding bed capacity with providers who have demonstrated strong performance.

The socio-political pressures have been well documented throughout this project in these reports. In January 2007 at project inception no one could have predicted the total collapse of the American economy leading to a deep and persistent recession; the indictment and removal from office of the sitting Governor; the election of President Obama and the appointment of former DCFS Director Bryan Samuels to lead the Administration of Children and Families; the passage of the federal Fostering Connections legislation and healthcare reform; but through the strong leadership and commitment of all of those affiliated with this project it remained intact and continued to advance project goals.

***Recognition this is “a work in progress” from which both the public and private sector can learn and that flexibility is critical to adapt to emerging conditions***

The ongoing fiscal crisis, the uncertainty of the pending merger of the Department of Juvenile Justice into DCFS, significant revisions to the residential contracts, the potential loss of funds to pay for performance incentives already earned for FY 2010 and for that yet to be earned in FY 2011, as well as the release of the first year’s performance data for ILO TLP agencies during this reporting period heightened the anxiety of both the Department and the private sector and undermined their confidence in being able to continue the viability of this project without the necessary resources to support it and the collaborative effort required to sustain it. The child welfare system remains vulnerable to budget cuts as evidenced by the \$34 million currently being held in reserve at the behest of the Governor’s Office for FY 2011. Although the Department has requested funds to maintain residential, ILO and TLP services at their present funding levels at least, the state legislature has not yet determined the state’s budget for FY 2012. Regardless of the funding allocated to DCFS, the lack of community based services to support and sustain placements in less restrictive settings will continue to impact the effectiveness of step-down placements.

As discussed above, a strong sense of trust has developed over time in the work of the Data Test Workgroup because of their measured and data driven approach. The providers and the Department staff have confidence in the ability of this group to objectively review data, interpret the meaning behind the data, and make recommendations for practice and policy changes based upon their independent analysis. Because of this high sense of trust, it is important to maintain the role of the Data Test Workgroup and continue to give them the ability to drive this project. If their role is undermined by external sources unrelated to the project or by the need to cut costs because of fiscal constraints without giving them the opportunity to look for cost savings based upon a data driven approach, the collaborative nature of the project could be severely hampered. Their



recommendation to maintain the fiscal viability of the project through the use of a cost neutral strategy which pays performance incentives from funds recouped through fiscal penalties imposed should be seriously considered by the Director McEwen and the Office of the Governor. This suggested approach is an excellent example of adapting to emerging conditions ( in this case the lack of resources due to budget shortfalls) through the use of a collaborative problem solving effort which resulted in compromises being made on the part of both the public and private sector to achieve a common goal, i.e. viability of the infrastructure to support this initiative.

The Project Steering Committee continuously strives to let all child welfare providers and stake holders know this “is a work in progress.” At this time in project development, this message needs to be reiterated as often as possible. Project stakeholders during this reporting cycle have reported their concerns that the project is being “taken away from them” by fiscal staff in the Governor’s Office because of the rising budget deficits and the cost of residential care. The CWAC Subcommittee structure, and especially the Data Test Workgroup provides all parties with a feedback loop which allows for in-depth analysis and discussion of all aspects of this project and provides the flexibility to respond to collaboratively to emerging conditions and trends. Since a hallmark of this project has been that change will not be driven by anecdotes, but by data – now is not the time to abandon this approach.

***Importance of determining the potential impact of multiple reform efforts being implemented simultaneously on the both senior leaders in the public and private sectors and the frontline staff responsible for direct service delivery***

As mentioned throughout this report significant child welfare reform and innovation continues to occur in Illinois. Differential Response was enacted on November 1, 2010. The proposed merger of the Department of Juvenile Justice and the implementation planning process required by the Executive Order are by necessity requiring intense focus from the DCFS leadership team. Two large, multi-year new federal demonstration projects have been awarded to DCFS to implement enhanced efforts to diligently recruit foster families and implement an intensive trauma informed practice model to shorten length of stay in foster care for youth entering the child welfare system between the ages of 9 and 12. While the Department’s current administration remains firmly committed to child welfare system improvement, and in taking advantage of opportunities for external funding for the testing of innovative approaches, all of these efforts require significant staff time from senior leaders of the Department, most of which are also under a mandate to take unpaid furlough days two days per month. The impact of additional stress

placed upon these essential public servants through their involvement in multiple change efforts, while experiencing forced furlough days at the rate of 2 days per month adding to workload impact, should be seriously considered.

On the private sector side, preliminary findings over a two year period of implementation case studies in 10 diverse residential agencies revealed the negative impact on frontline staff of rolling out performance based contracting, conversion to Medicaid fee for service and the Discharge and Transition protocol at the same time. While the Project Steering Committee and the Department were aware of the need and rationale for successfully certifying private agencies so that they could bill Medicaid for services rendered, the magnitude of the workload implications on agency staff was unanticipated. This highlighted the need for better coordination of reform and innovation efforts prior to implementation. It is critical that a high level of coordination – coupled with collaboration with the private sector to ensure their unique perspective is considered – take place as the new innovations are deployed.

### **III. Outcome Evaluation**

#### ***Evaluation Overview***

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 used historical data for a pre- and post- intervention analysis of performance outcomes. The Residential Treatment Outcomes System (RTOS) is now generating performance reports at the agency, contract and child levels. The project evaluator has been given unfettered access to RTOS to review residential outcome data reports. The automated data system for ILO TLP in SACWIS is being tested at the present time, therefore Excel spreadsheets used to manually collect performance data will continue until January 2011 when it is presumed that the reliability of the SACWIS data has been established.

The project evaluation plan included 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 in January, 2007 through the filing of this report in December, 2010. Individual structured interviews of both the public and private members of the Project Steering Committee were conducted by the project evaluator during all three years of planning and development of this project to explore individual

members' perceptions of the collaboration and planning process during the first year of this grant.

Given the contextual variables inherent in a project of this type, environmental scans were conducted every six months in conjunction with the writing of these semi-annual reports to determine if other socio-political factors may be influencing the evaluation results obtained.

Additional perceptual data was obtained during the spring in 2008 and 2009 and in December 2009 – January 2010 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. Data collection for the final administration of this survey has been completed, recorded and submitted to the cross site evaluation team for analysis.

To determine adequate statistical power across all provider types, staffing estimates for residential, ILO and TLP agencies were obtained from DCFS in 2008 based upon their contractual requirements to ensure adequate staffing ratios of frontline staff and supervisors related to the number of children placed. Residential agencies at that time were classified as *mild*, *moderate* or *severe* based upon the clinical severity of symptoms exhibited by 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 2008, 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. For the 2009 and 2010 survey administration, all frontline staff members regardless of acuity level were given surveys and the opportunity to participate in the project evaluation. The Department did away with the “mild” classification level for residential treatment effective in FY 2010.

The Project Steering Committee was particularly interested in knowing what variances in practice exist, if any, between those agencies providing services to children and youth in Cook County (greater Chicago area) 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 during all three administrations.

Although the frontline staff and supervisor survey return rate was at 36.6% for the 2008 survey administration, 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.

Taking these comments into consideration, the “Staff Survey on Training, Supervision and Evidence-Informed Practice” for the spring 2009 administration, all frontline staff members were asked to participate to increase statistical power. Despite efforts to increase participation, this did not occur. Four hundred and sixty nine valid surveys with the requisite informed consent documentation were returned in 2009 for a return rate of 22.7%. In 2010 the return rate remained relatively stable with 470 surveys returned with a return rate of 23.5%. In light of the lessons learned from the implementation cases studies regarding the impact of the state’s simultaneous roll-out of three major reform efforts at the same time, it is not surprising that the response rate to this lengthy survey was low. In fact, the rates could be considered high when considered in the context of the limited amount of time available to direct care staff to conduct their mandated daily activities.

The “Quality Improvement Survey” developed for cross-site purposes by the QIC PCW was administered in the spring of 2008 and 2009 and in December 2009 – January 2010 to the person in each

residential, Independent Living and Transitional Living Program designated by the Chief Executive Officer of that agency as the person who has the most knowledge of and responsibility for quality assurance and/or quality improvement activities within that agency. In smaller agencies, i.e. those with less than a ten bed capacity, the person most knowledgeable of quality assurance and improvement activities was usually the Chief Executive Officer, Chief Operating Officer, or Clinical Director. For larger facilities, the survey was filled out by a person fulfilling these duties on a full time basis, usually the Quality Assurance Manager or Director. For the 2009 administration, of the 63 surveys sent, 20 were returned for a return rate of 31.7%. During the 2010 administration, 22 surveys were returned for a return rate of 32.2%.

**Evaluation Methodology**

A mixed method approach is being utilized to evaluate this project. Designed in consultation with the cross-site evaluation, it utilizes the following methods to obtain data for the five federal research questions:

<b>Q1 Collaborative Planning Process</b>	<b>Q2 PBC/QA Necessary Components</b>	<b>Q3 Outcomes Better under New System</b>	<b>Q4 Contextual Variables</b>	<b>Q5 Program Features and Evolvment of Monitoring Over Time</b>
<ul style="list-style-type: none"> <li>▪ Surveys (P)</li> <li>▪ Interviews (P)</li> <li>▪ Focus Groups (P)</li> <li>▪ Observation of Process and Notes (D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Surveys (P)</li> <li>▪ Interviews (P)</li> <li>▪ QI (P)</li> <li>▪ QA(P)</li> <li>▪ Contract Monitoring (P)</li> <li>▪ Implementation case studies (D, P)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pre- and Post-Administrative Data (O)</li> <li>▪ Focus Groups (P)</li> <li>▪ Implementation case studies (D,P)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Environmental scans (D)</li> <li>▪ Interviews (P)</li> <li>▪ Focus Groups (P)</li> <li>▪ Implementation case studies (D,P)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Surveys (P)</li> <li>▪ Interviews (P)</li> <li>▪ QI (P)</li> <li>▪ QA (P)</li> <li>▪ Contract Monitoring (P)</li> <li>▪ Implementation case studies (D,P)</li> </ul>

*O = Outcome P = Perceptual D = Descriptive*

**Table 4: Evaluation Methods Employed for *Striving for Excellence* Project**

During 2009 in-depth implementation case studies were conducted of the three highest performing residential agencies and two lowest performing agencies on the contract performance measures. In 2010, five more agencies were selected based upon specialty population (young children and sexually problematic behavior). The relatively poorer performance of moderate group homes also led to the selection of a poorly performing group home for more in-depth of analysis of implementation drivers. The protocols for frontline staff surveys and focus groups were

developed based upon the work of Fixsen, et. al to obtain descriptive and perceptual data and determine if correlations can be drawn between core implementation drivers (such as training, hiring, coaching, etc.) identified by Fixsen as essential to human service change efforts and successful performance on the designated residential outcome measures. The agency assessments include surveys of frontline staff and supervisors responsible for the direct care and treatment of children and youth; focus groups of frontline staff members, supervisors, and administrators in each agency; and an extensive document review. A third round of implementation case studies has been approved for 2011 with the agencies yet to be following completion of FY 2011. IRB approval has been obtained for this administration from the University of Illinois at Urbana-Champaign. It is the intent of the project evaluator to publish findings from these studies after the final round of case studies in 2011.

**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 in evaluative notes of the collaborative meetings held as the project has progressed from initial concept through the design and development of the proposed performance measures through implementation have been kept by this project evaluator. She has attended all of the Project Steering Committee meetings and most of the meetings held by the Subcommittees and workgroups responsible for project development and oversight to observe and record the interaction between the public and private members as they revised and refined the contracts for FY 2009 through FY 2011. She also attends the DCFS Implementation Team meetings and the DCFS Residential Strategic Planning Workgroup meetings.

As a result of this, strong observational and descriptive data has been recorded for over a majority of the 500 collaborative meetings held to date related to this project. This data has formed the basis of the Illinois project case study described in the submitted for publication to the Journal of Public Child Welfare which answers this research question in the affirmative. Because of the longstanding history of collaboration between the public and private sectors in Illinois, this effort built on an existing structure which provided a forum for dialogue.

The Wilder Collaboration Factors Inventory, based upon research examined by Mattessich, Murray-Close and Monsey (2001) was administered in 2007, 2008, and 2009 at the Statewide Provider Forums as part of the QIC PCW cross-site evaluation. The 2007 administration 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 stakeholder's view of the collaborative process. Discussions within the Steering Committee following baseline administration attributed 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 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. The instrument was administered for a third time at the Fourth Statewide Provider Forum on May 29, 2009. It is important to note that the survey was administered prior to budgetary crisis of FY 2009 which may have slightly downplayed the current fiscal impact upon the collaborative process.

The six domains identified by Mattessich, et al within the Wilder Collaborative Factors Inventory are:

1. collaborative structure, purpose, common mission and communication;
2. human and financial resources;
3. existence of a collaborative "attitude" evidenced by history of collaboration in a community, trust and respect among members;
4. environmental conditions in which the collaboration operates, such as the respect and hope of others in the community, timing and political/social climate;
5. characteristics of the collaborative members; and
6. communication issues.

Psychometric analysis by Dr. Teri Gartska of Pal Tech indicates that although there are distinct differences and some similarities between the QIC PCW cross site data (which included the Illinois project data) and previous research, the items on the existing scale held together as the original scale developer intended (Garstka, 2009). Analysis of the Wilder data by Dr. Teri Garstka of Pal Tech were reported in prior semi-annual reports and will not be repeated here.

**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 theoretical model described about in Section II.A.7. is incorporated by reference here as it reflects findings from data obtained as a result of the process evaluation grounded in existing literature on successful contracting initiatives. In addition to these findings, the

following elements/components have been identified as essential to the success of this project through the process evaluation and the preliminary findings from the implementation case studies:

- Existence of reliable and verifiable performance data which will be consistent over time;
- Capacity for quality assurance and continuous quality improvement in both the public and private sectors;
- A significant (at least a 1 year period) of time to jointly plan and develop:
  - Outcome measures;
  - Operational definitions;
  - Communication and feedback plans;
  - Conflict resolution and reconciliation processes;
- Alignment of the following functions in both the public and private agencies:
  - Programmatic;
  - Fiscal/budget;
  - Quality assurance/improvement;
  - Operations;
  - Leadership;
  - Other identified external entities which may impact performance, such as the local school system and community mental health agencies;
- Establishment of an Implementation Team in the public child welfare agency to cut through bureaucratic silos;
- Clearly defined treatment models and the quality assurance systems in place to track fidelity to the model.

Dr. Teri Gartska reported findings from the cross-site evaluation at the final QIC PCW National Summit on Public-Private Partnership in San Antonio. The cross site team identified 7 supports for achieving success and site-specific supports which had been put in place by each site to operationalize them. The findings reported for the Illinois *Striving for Excellence* project included:

- **Collaboration supports:** Statewide Provider Forums, information dissemination strategy, and CWAC Subcommittees and Workgroups;



- **Outcome supports:** Discharge and Transition Protocol; Child And Youth Investment Teams (CAYITs) and Centralized Matching Teams (CMT)
- **Decision Making Support:** Child Welfare Advisory Committee (CWAC)
- **Organizational/System Support:** University research partnerships
- **Data Support:** Residential Treatment Outcomes System (RTOS) and the Data Test Workgroup
- **Quality Assurance Support:** Residential Performance Monitoring Unit

The only support for which the Illinois project did not have an identified site specific support was “practice support.” Since the collection of cross site data ended, the project held a Statewide Provider Forum devoted to inculcating family engagement strategies into every day practice. The ongoing work of the DCFS Strategic Planning Workgroup is focused on driving system change to the practice level.

The Staff Survey Regarding Training, Supervision and Evidence-Informed Practice and the Quality Improvement Surveys were administered three times during the course of this project as part of the cross-site evaluation 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. Analyses of these surveys are being reported by Dr. Teri Gartska in the Pal Tech final report and will not be repeated here.

**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?**

The Data Test Workgroup reported on its analysis of the performance based contracting initiative to date at the final Statewide Provider Forum on October 29, 2010 at Governor’s State University. Their presentation highlighted the development of the ILO TLP performance measures and the “estimated” performance for FY 2010. The group stressed that the data was “a work in progress” and because of data collection, verification and reconciliation problems noted elsewhere in this report, the data for FY 2010 should be considered preliminary at best. Nevertheless, some of the findings raised concerns.

Overall, for 961 treatment spells the statewide average Transitional Living Placement Stability Rate (TLPSR) of 91.9% exceeded the average

benchmark performance of 91.7%. The average difference between the actual and benchmarked performance was 0.5%. For Discharge with Potential Rate (DPR), the performance data is mixed. ILO providers fell short of attaining performance benchmarks; for 524 spells the providers attained an average DPR of 40.5%, with an average benchmarked DPR of 49.7%. The average difference between the actual DPR and benchmarked DPR was -12.5%. TLP providers on average exceeded their DPR benchmarks for the 961 spells in care with an actual average DPR of 22.6% with a benchmarked DPR of 20.5%. The average difference between the actual DPR and benchmarked DPR was 1%.

The ILO TLP Indicators of Self-Sufficiency were not adjusted for risk due to the unavailability of historical data upon which the risk adjustment model could be built. Over time, as data collection improves attempts to build a risk adjustment model for these indicators will be made. The Indicators of Self-Sufficiency look at educational/vocational achievement, average employment rate, average monthly funds available, and income and savings at discharge. Table 5 presents educational progress (defined as attaining a diploma, GED or vocational certification; making educational progress by enrolling in school and taking classes towards earning a diploma or certificate as demonstrated by grade reports; or a combination of both) of vocational achievements of youth in discharged from ILO or TLP in FY 2010 while in placement. The findings are alarming, especially regarding TLPs.

	Total Discharged	Diploma / Cert. only	Ed. Progress only	>1 Diploma/Cert. or Both	Total
ILO	241	28 12%	58 24%	58 24%	144 60%
TLP	436	79 18%	13 3%	39 9%	131 30%

**Table 5: Education/Vocational Achievements of Youth Discharged FY 10**

The Older Adolescent Subcommittee has been apprised of the data and has established a workgroup to analyze the causes of this and develop strategies to improve educational outcomes.

Average Employment Rates are based upon the average of the number of weeks employed in the last 4 weeks prior to discharge and the last 52 weeks in the program. For youth discharged in FY 2010 from ILO programs, during the last month and previous year in ILO programs, youth were employed on average only 20% of the time. For TLP programs, the rate drops to 6%. While there is wide-spread recognition that the economic decline has impacted the number of jobs available for youth, this performance data is of great concern since the likelihood of these youths being able to support themselves without employment is very unlikely.

The Data Test Workgroup also presented data on the two residential performance measures which show modest gains in performance overall over the first two years of data collection and analysis. The DTWG's full presentation is attached as **Exhibit 16**.

The FY 2010 performance data and ranking of providers on the ILO TLP measures is attached as **Exhibit 17**. Residential performance data for agency FY 2010 TODR from RTOS is attached as **Exhibit 18**. This data has yet to be reconciled as it remains undetermined at the present time whether formal penalties will be imposed as discussed at length above. **Exhibit 19** is the residential SFDR report from RTOS for FY 2010. It must be noted that this data is not finalized until the January 1, 2011 and reconciliation must still take place, but it will apprise the reader of the current status of the data for this measure.

**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 the project evaluator. The contextual variables for this reporting period are those discussed in Sections II.A. above.

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

Findings pertaining to quality assurance and monitoring which have been discussed throughout this report are hereby incorporated by reference.

Preliminary findings from implementation case studies held in both FY 2009 and FY 2010 by the project evaluator show that residential agencies who did not perform well on TODR did not have functioning quality assurance programs which integrated quality improvement and assurance activities into daily milieu management in residential care. Frontline staff or supervisors in these agencies were not engaged in quality improvement activities. A more detailed report of findings from all ten implementation case studies and those conducted in 2011 pertaining to quality assurance and monitoring systems will be published by the project evaluator. The DCFS Residential Strategic Planning Workgroup also identified deficiencies in quality assurance and improvement programs within the eleven lower performing agencies which were placed on corrective action plans as a result of poor performance in FY 2009.

**F. Other Site Specific Research Questions**

Specific work pertaining to the impact of geography on performance is ongoing. This is being driven by the performance data which reflects that agencies located in the city of Chicago attain lower Treatment Opportunity Days Rates (TODR) than residential agencies located in other less populated areas. Although the risk adjustment model was refined for the FY 2010 contracts by including population density as reported in the 2000 census, work remains to further analyze the causes of poorer performance by Cook County providers. The risk adjustment model will be modified once 2010 Census data is released and can be accessed for this purpose.

Length of stay variances were examined during this reporting period. When compared to SFDR results as well as to severity classification, additional research is needed to determine the cause of the variance.

#### **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 structure has been recognized as a national model to support dialogue between the public and private sector. The CWAC Subcommittees and Workgroups were working on child welfare performance improvement issues prior to this initiative for both the residential and ILO/TLP populations. The Data Test Workgroup was working on a performance dashboard for two years prior to being tasked with *Striving for Excellence* project implementation. While the role of the Project Steering Committee in providing oversight, coordination and guidance for the project going forward has yet to be clarified, the performance based contracting initiative is expected to continue through the work being conducted by the CWAC subcommittees and workgroups, most notably the residential Data Test Workgroup, the ILO TLP Data Management Workgroup, High End Services Subcommittee and the Older Adolescents Subcommittee.

The issue of sustainability is less clear in this final report than it was during prior reporting cycles because of the recent and outstanding problems related to the project's fiscal foundation. If there are no penalties imposed or incentives awarded, even though data is collected and reported related to agency performance on designated performance outcomes, the contracts cannot truly be considered "performance-based" without them.

Director McEwen indicated his intent to continue the evaluation of this project after the QIC PCW funding ends. Judge Kearney remains as a Clinical Professor for the Children and Family Research Center of the University of Illinois at Urbana-Champaign. A modified evaluation proposal for continuation of the evaluation and dissemination activities (which deletes the data collection activities previously required as part of the QIC PCW cross site evaluation) was included as part of the Center's proposed program plan for FY 2011. This provides for 25% of the evaluator's time, but does not include costs of travel which will limit project activities conducted face-to-face. A carry forward request was granted for travel funds remaining at the end of September, 2010 which allowed the remaining travel budget to be carried over to the current fiscal year until depleted. This allowed for the evaluator to complete the final agency implementation case study, attend the final Statewide Provider Forum, and attend the December 2010 Project Steering Committee meeting.

There has been no discussion to date of whether or not the Statewide Provider meetings will continue to be funded by DCFS and hosted by CCAI once QIC PCW funding is discontinued. If not, other means by which to disseminate information and obtain feedback for performance based contracting changes should be considered by the Project Steering Committee. Should Director McEwen continue to fund annual Child Welfare Leadership Summits, presentation of findings from this project could be presented there.

## **V. Dissemination**

### **A. Publications**

An article entitled "Performance Based Contracting in Residential Care and Treatment: Driving Policy and Practice Change through Public-Private Partnership in Illinois" was authored by Judge Kearney, Director McEwen, Dr. Neil Jordan and Brice Bloom-Ellis. This article appeared in the special issue of the Child Welfare League of America's special issue on of its peer reviewed journal *Child Welfare* on residential care. The edition's publication was originally slated for March 2010 but was delayed until August, 2010.

A special edition of the Journal of Public Child Welfare is being edited by QIC PCW Project Director Dr. Crystal Collins-Camargo. An article entitled "Breaking Down the Silos: Lessons Learned from the Expansion of Performance Based Contracting to Residential Treatment Services in Illinois" was written by Judge Kearney, Brice Bloom-Ellis and Roger Thompson. This focus of this article is on the lessons learned by the Department during the first three years of this project in the context of

both social work and public administration literature. The initial draft was submitted in October, 2010 to the editors. Final publication is expected in Spring, 2011.

The Children and Family Research Center's annual monitoring report filed to comply with the terms of the *BH v. McEwen* consent decree included findings from this project on placement stability and information about the Discharge and Transition Protocol. The full report is attached as **Exhibit 20** to this report.

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

Dissemination efforts through presentations at national conferences increased during this reporting period. The following presentations were given:

- Judge Kearney and Margaret Vimont presented at the Alliance for Children and Families National Leadership Conference on Child Welfare Issues (in conjunction with the American Association of Children's Residential Centers' 54<sup>th</sup> Annual Conference) on the Illinois *Striving for Excellence* project on April 28, 2010 in Boston, MA.
- Brice Bloom-Ellis and Judge Kearney presented on the *Striving for Excellence* project at the 13<sup>th</sup> Annual Child Welfare Data and Technology Conference in Bethesda, Maryland on July 20, 2010.
- Brice Bloom-Ellis and Judge Kearney presented on the Illinois demonstration project as part of the QIC PCW presentation at the 13<sup>th</sup> Annual Child Welfare Data and Technology Conference in Bethesda, Maryland on July 21, 2010.
- Judge Kearney and Brice Bloom-Ellis presented findings of Illinois demonstration project to the QIC PCW Project Advisory Board on August 31, 2010 in San Antonio, Texas.
- Director McEwen, Deputy Director Kara Teeple, Brice Bloom-Ellis, Executive Deputy Director Denice Murray, and Judge Kearney presented findings of the Illinois demonstration project to participants attending the QIC PCW Annual Summit

on Public-Private Partnership in San Antonio, Texas on September 2, 2010.

- Deputy Director Kara Teeple, Deputy Director Miller Anderson, Brice Bloom-Ellis and Mary Hollie conducted a two day peer-to-peer workshop on the development and implementation of performance based contracting in residential care sponsored by Casey Family Programs for the public and private sector representatives of the State of California on October 6-7, 2010 in Sacramento, California.
- Judge Kearney presented the lessons learned from the *Striving for Excellence* project as part of the QIC PCW presentation team at the 2010 Alliance for Children & Families National Conference in Milwaukee, Wisconsin on October 21, 2010.

The following abstracts to present were submitted during this reporting period:

- An abstract to present the results of the *Striving for Excellence* project was submitted to the Child Welfare League of America by Judge Kearney and Brice Bloom-Ellis for their annual conference to be held in March, 2011. The proposal was rejected.
- An abstract entitled “Leading Change: Using Performance Based Contracting to Improve Outcomes for Children and Youth in Residential Care” was submitted to present at the Alliance for Children and Families Annual National Leadership Conference on Child Welfare Issues (in conjunction with the American Association of Children’s Residential Centers 55<sup>th</sup> Annual Conference) by Judge Kearney and Mary Hollie. *Striving for Excellence* project findings will be highlighted with an emphasis on both the public and private sector lessons learned. The abstract was accepted and the presentation is scheduled for April 7, 2011 in Seattle, Washington and is attached as
- An abstract to present findings from the *Striving for Excellence* project at the Foster Family-Based Treatment Association 25<sup>th</sup> Annual Conference in Lake Buena Vista, Florida in July, 2011 is being prepared by Judge Kearney and Mary Hollie for submission by December 17, 2010. This organization is seeking competitive proposals geared towards professionals with over 10 years experience on issues related to contracting, performance outcomes, and child welfare system

improvements. The proposal to be submitted will be similar to that submitted to the Alliance/AACRC, but will include additional findings related to the Discharge and Transition Protocol which will be of interest to foster care case management agencies as well.

## **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 was bifurcated into two separate components. The residential project, while currently well underway, will need at least 5 full years to determine its efficacy, particularly as related to the risk adjustment strategy and issues related to shortening lengths of stay over time. The ILO/TLP aspect of this project has just completed its first full year of performance data as a result of data collection and reliability problems noted throughout this report. Because so of these problems in the delay of ILO TLP data collection, it was not considered part of the QIC PCW cross site evaluation. With the mandates of the National Youth and Transition Database becoming operational, states are looking for effective means of improving programs for older youth. Continued data collection and analysis of this aspect of this project under the auspices and with the support of the QIC PCW would be of service to the field.

The QIC PCW Summits consistently demonstrate 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. In these times of economic downturn, the findings of these demonstration projects, and the work of the QIC PCW overall, are even more necessary to ensure the wise use of taxpayer funds to assistance vulnerable children and families. The ability of the QIC PCW to continue its dissemination activities beyond the life of its current grant is critical.

#### ***Support for Institutionalization of a Collaborative Planning Process***

As previously reported in prior Semi-Annual reports and highlighted in the national presentations by public and private sector leaders of the *Striving for Excellence* project and the project's evaluator,



including two peer-to-peer workshops for the states of Texas and California, 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. The Wilder Collaboration Factors Inventory reflects that CWAC participation results in higher factor means in all six domains than those who do not participate in CWAC. 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. At least one state (Texas) to our knowledge has instituted a similar structure to provide a forum for public-private collaboration.

There is no other entity in the existing national child welfare landscape which can serve as a forum for discussion of public-private partnership other than the QIC PCW. The National Association of Public Child Welfare Administrators (NAPCWA) has reduced their annual meetings to one per year where other policy related priorities are discussed. The Alliance for Children and Families and the Child Welfare League of America conferences focus predominantly on practice issues rather than the nature of partnership. Continuation of the work of the QIC PCW could continue to provide the forum for the important – and difficult – work of engaging public and private partners in dialogue over systemic change. The QIC PCW could also continue to serve as a clearinghouse for information related to systems wherein child protection and welfare services are purchased from the private sector.

## **B. Recommendations concerning QIC activities**

The working relationship between the National QIC PCW and the Illinois site has been excellent. Dr. Crystal Collin-Camargo and Jennifer Hall, and members of the University of Kentucky staff have been extremely responsive to our needs throughout the life of this project. Their

professionalism and capacity to provide structure and support for a project of this magnitude was critical to the project's success.

The Project Steering Committee benefited from the site visits conducted by the QIC PCW especially the final site visit in April 2010. The Project Steering Committee found the questions posed by Ms. Hall, Dr. Collins-Camargo and Dr. Teri Gartska to be helpful in calling them to reflect on the project in its entirety.

The project evaluator is grateful for the involvement of Dr. Teri Garstka. Dr. Garstka was particularly helpful in assisting Illinois in site specific analysis of the survey instruments used for the cross-site evaluation. Her contributions to this project overall have been invaluable. Her move from Pal Tech to the University of Kansas was a potential loss to the project which was averted by the QIC PCW's leadership in seeking alternatives to ensure Dr. Garstka's continued involvement at this critical stage of our work.

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3. *Striving for Excellence* Project Steering Committee Members as of December 1, 2010.
4. Presentation on Preliminary Impressions from FY 2011 Agency Implementation Case Studies by Judge Kathleen A. Kearney, November 19, 2010.

5. University of Illinois at Urbana-Champaign, Institutional Review Board approval for modification of and continuation of *Striving for Excellence* data collection protocols.
6. Goals of DCFS Strategic Planning Workgroup FY 2010-FY2012.
7. Residential Unused Capacity Report of November 15, 2010.
8. Order Granting Preliminary Injunction, *IARCCA v. Indiana DCS and Payne*.
9. Provider Recommendations for Transitioning Youth to Specialized Foster Care.
10. Length of Stay Literature Review by Dr. Rob Lusk for the DTWG.
11. Presentation on IGH Length of Stay Data to Director McEwen on June 21, 2010.
12. TODR Agency Performance Trends, FY 2009 and FY 2010 Comparisons.
13. DTWG FY 2011 Contract Changes Presentation June 2010.
14. Building Bridges Presentation at Statewide Provider Forum October 29, 2010.
15. Allendale Association Presentation at Statewide Provider Forum October 29, 2010.
16. DTWG Presentation of *Striving for Excellence* Performance Outcomes October 29, 2010.
17. FY 2010 ILO TLP Performance Data and Rankings December 2010.
18. FY 2010 Residential TODR Agency Aggregate Report from RTOS December 2010.
19. FY 2010 Residential SFDR (Unreconciled and Incomplete) Agency Aggregate Report from RTOS December 2010.
20. Conditions of Children in or at Risk of Foster Care in Illinois, Calendar Year 2009 Report of the Children and Family Research Center pursuant to the *BH* Consent Decree.

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