

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814

**REASON FOR THIS TRANSMITTAL**

- State Law Change  
 Federal Law or Regulation Change  
 Court Order  
 Clarification Requested by One or More Counties  
 Initiated by CDSS

February 7, 2008

ALL COUNTY INFORMATION NOTICE NO. I-06-08

TO: ALL COUNTY WELFARE DIRECTORS  
 ALL COUNTY FISCAL OFFICERS  
 ALL COUNTY CHILD WELFARE PROGRAM MANAGERS  
 ALL COUNTY CHIEF PROBATION OFFICERS

SUBJECT: REQUEST FOR LETTER OF INTENT FROM COUNTIES TO  
 PARTICIPATE IN CALIFORNIA'S GROUP HOME REFORM EFFORT

REFERENCE: ASSEMBLY BILL (AB) 1453 (CHAPTER 466, STATUTES OF 2007)

This letter is to invite interested counties to apply to participate in implementing new program and funding models for residentially-based services (RBS). Per Welfare and Institutions Code Section 18987.71 (Attachment D), RBS is defined as the behavioral or therapeutic interventions delivered in nondetention group care settings in which multiple children live in the same housing unit and receive care and supervision from professional staff. RBS shall include a range of interventions from residential treatment to postdischarge community-based services. This effort is focused on achieving better outcomes for children, youth and their families by providing integrated residential and community-based care and treatment for children with complex behavioral and mental health needs who are now placed in group homes. The California Department of Social Services (CDSS) is seeking four counties or consortia<sup>1</sup> of counties to develop and implement alternative program and funding models based on this new framework.

AB 1453 (Soto) was enacted on October 11, 2007 and became effective January 1, 2008. The purpose of the bill is to reform the way group homes are used so such placements will be needed less often and have shorter stays. When children do

<sup>1</sup> A "Consortium of Counties" means as a small group of geographically contiguous counties who agree to implement common program and funding models, utilize a common provider pool, apply standard assessment tools and methodologies, and operate under an intra-consortium governance model.

spend some time receiving services in a residential setting, they will be more likely to return with solid connections with their families and communities and experience fewer if any subsequent placements.

The framework for this legislation was developed by the California RBS Reform Coalition, a broad-based group of stakeholders facilitated by the California Alliance of Child and Family Services (Alliance) and include representatives from county agencies, private nonprofit organizations, the legislature, state departments, and child and family advocacy organizations.

This legislation mandates CDSS to utilize the reports submitted to the Legislature in June 2001 and August 2002 titled "Re-examination of the Role of Group Care in a Family-Based System of Care" and a report published by the Alliance in March 2006 "Framework for a New System for Residentially-Based Services in California" (see Appendix A) to redesign group care. Under the law, group home placements will be reconfigured as RBS placements. Key changes will include short-term intensive treatment, the ability to offer parallel community based services to help parents or other primary caregivers to maintain or develop a connection with the child and prepare for the child's return, aftercare services to support the stability of child and family following reunification or transition to family-based care, improvements in the service delivery decision-making pathway and better integration of residentially-based services within a county's continuum of care.

### **Who May Participate?**

Any county child welfare and/or probation agency may submit a Letter of Intent. However, only one Letter of Intent will be accepted from each county or consortium. Thus, if both child welfare and probation agencies wish to participate, proposals must be submitted under one letter and must be coordinated at least to the same degree as a consortium of counties. Specifically, this means while various populations may be targeted, the departments will implement common program and funding models, use a common provider pool, and apply common assessment tools and methodologies. In the Letters of Intent which include child welfare and probation agencies, the degree of coordination between the programs will be considered and scored under item 5e "Collaboration".

### **How Will Counties Be Selected to Participate?**

The legislation authorizes CDSS to select up to four counties or consortia of counties to participate in this effort. Two of the four slots are reserved for the counties that are currently implementing the Title IV-E Child Welfare Waiver Capped Allocation Demonstration Project (Los Angeles and Alameda) if they wish to participate. Any California county can fill the remaining slots including those not used by the waiver counties.

Interested counties must attend the March 3, 2008 RBS Reform County Applicant Forum in Sacramento. Counties may submit a Letter of Intent using the attached "Guidelines for RBS Letter of Intent" to CDSS no later than **April 4, 2008** at the contact address shown below.

The CDSS in consultation with the California RBS Reform Coalition will select the counties to take part in developing and operationalizing the new approach to residentially-based services. Appendix B contains the Guidelines for Preparing RBS Reform Letter of Intent which outlines the information a county or consortium must address in their Letter of Intent. The RBS Reform Selection Criteria provides a standard of measurement corresponding to the questions to be addressed in each Letter of Intent and can be found in Appendix C.

Completed Letters of Intent submitted by counties will be reviewed by CDSS and members of the RBS Reform Coalition to determine the capacity and interest level of the county and its private providers to undertake this effort. All applicant counties will be notified by the first week of May of the results of the selection process.

**Technical Assistance and Support to Counties:**

Additional informational opportunities for interested counties will be made available and specifics about those will be forthcoming. Moreover, Casey Family Programs (CFP) is providing a significant investment to help get the project started, and has pledged support at similar levels in subsequent years. Through CFP support, each participating county or consortium will receive an allocation to help free up a full-time staff member to coordinate the development and implementation of the public/private partnership and the new service and funding models the partnerships devise.

The CFP will also provide two consultants on loan to CDSS to assist with the increased state-level workload issues that the project presents. In addition, CFP is assembling a team of consultants with extensive experience in this area who have established good working relationships with California's county service systems to assist the local partnerships. National experts in the technical aspects of funding and program evaluation will also be included as resources for implementation.

While different models may be tested by different local partnerships, the collective experience will benefit all participants. Learning across participating counties will be shared to facilitate improved strategies and ultimately better results for children and families.

**What Does Participation Involve?**

Each selected county will form a local partnership with one or more group home service providers. Each partnership will have three months to develop a plan for funding and

service delivery that puts the principles of RBS into action. The plans must be reviewed and approved by CDSS; requirements for the plan will be forthcoming. The legislation allows the CDSS to waive certain state regulations on the use of group care and to approve alternative AFDC-Foster Care payment methods, as long as they comply with federal requirements, cost neutrality as specified in the statute is maintained, and the strategies chosen reflect the principles and goals of the residentially-based services reform contained in the bill.

The duration of the California RBS Reform initiative is from fall 2007 through 2012. Any selected county or consortium is expected to commit to participate for this timeframe under the terms of a Memorandum of Understanding (MOU) between CDSS and the county, and will be developed at the time of plan approval and renewed on an annual basis. The content of the MOU will be developed by the RBS Reform Coalition.

Other commitments for selected counties include sending a representative to join the RBS Reform Coalition Leadership Team meetings in Sacramento, participating in the evaluation component of the initiative and utilizing technical assistance opportunities provided by the advisory consultant team.

The timeline of key events in the RBS Reform initiative are listed in the table below.

**RBS Reform Timeline**

<b>Key Date</b>	<b>Milestone</b>
March 3, 2008	County Applicant Forum
April 4, 2008	County/Consortium Letters of Intent Due
May 5, 2008	CDSS Announces Results of County Selection Process
May 23, 2008	Orientation Symposium for Selected Counties
April – July, 2008	Selected Counties Develop RBS Reform Plans
June 28, 2008	Selected Counties Submit RBS Reform Plans to CDSS for Review
Aug – Oct, 2008	CDSS Authorizes Regulatory & Fiscal Waivers Needed for Approved RBS Reform Plans and Authorizes Necessary Agreements
Nov 14, 2008	RBS Reform Implementation Symposium
July – Jan 1, 2009	RBS Reforms Implemented in Selected Counties

**How to Submit Your Letter of Intent:**

Please limit your Letter of Intent to 8 pages (8½ X 11), single-spaced, Arial - 12 point font, not including the letters of support and cover sheet. Interested counties and consortia should submit their Letter of Intent and supporting documents to:

Karen Gunderson, MSW  
Chief, Child and Youth Permanency Branch  
California Department of Social Services  
744 P Street, M/S 14-73  
Sacramento, California 95814  
E-mail: [karen.gunderson@dss.ca.gov](mailto:karen.gunderson@dss.ca.gov)  
Phone: (916) 651-7464  
Fax: (916) 651-0673

Letters of Intent will be accepted via email, fax or regular mail no later than 5:00pm on Friday, April 4, 2008.

Questions about this All County Information Notice or the county selection process should be e-mailed to [RBSreform@dss.ca.gov](mailto:RBSreform@dss.ca.gov). Questions about Appendix A should be directed to:

Doug Johnson, Associate Executive Director  
California Alliance of Child and Family Services  
2201 K Street  
Sacramento, California 95816  
E-mail: [d.johnson@acfs.org](mailto:d.johnson@acfs.org)  
Phone: (916) 449-2273 ext. 20

Sincerely,



GREGORY E. ROSE  
Acting Deputy Director  
Children and Family Services Division

Enclosure

c: CWDA  
CPOC

# Framework for a New System of Residentially-Based Services in California

FINAL

March 2006

## Introduction

A critical goal in the effort to improve outcomes for children and youth who receive services through California's child welfare, juvenile justice and mental health systems is insuring that group home placement is used judiciously, appropriately and effectively in order to obtain specific, affirmative outcomes that cannot be reached using services provided while a child or youth lives in his or her own home, the home of a relative, or in a community-based, family setting such as a foster home.

Rather than being used as a proactive intervention designed to achieve specific results, group home placement far too often has been used as a default alternative when effective community-based services have not been available or when a succession of other less restrictive options have been tried unsuccessfully. Consequently, some children and youth remain in care for extended periods of time, experience multiple changes of placement, and frequently reach adulthood without being part of a family.

Currently, although only 11 percent of the children in out of home care are placed in group care settings, California spends nearly 50 percent of its total foster care maintenance funds on these placements. As of July 2005 this included about 7,000 children placed through the child welfare system, 4,000 youth placed through the juvenile justice system, and 1,000 children placed through the mental health system. There is wide variation in the utilization of group homes between the three systems and additional variation in utilization between county-administered departments within each system.<sup>2</sup>

Improving this situation has proved challenging. In June of 2001, after two years of work, a stakeholder group that had formed under the auspices of SB 933 produced a comprehensive set of recommendations for the reform of group care for children and youth.<sup>3</sup> For a variety of reasons, these recommendations were not implemented.

Despite this setback, the goal of establishing a new vision for California's group home services has not faded. Finally in the spring of 2005, a new workgroup that included family members, young adults who experienced residential placements as youth, child and family advocates, public agency representatives and provider representatives was convened by the California Alliance of Child and Family Services and began meeting monthly with the goal of producing a workable consensus for improving the quality and effectiveness of group home services and for clarifying the role of these services within the broader continuum of child and family care in the state.

After a year of deliberation, this second workgroup has produced a framework for change that begins by redefining group homes as programs that provide residentially-based services. The intent of this redefinition is to change the construct used when choosing a group home as a potential resource for helping a child or youth. Instead of a destination – a place to be – the framework assumes that a group home placement is better viewed as an intervention – a

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<sup>2</sup> While there is a single licensing category for group homes and a single payment system, group homes range in size and complexity from single homes located in the community with 6 children or fewer to large campus-like settings with 50 children or more. Group home programs may provide virtually no treatment services or may offer a wide range of highly sophisticated service options.

<sup>3</sup> Children and Family Services Division, California Department of Social Services (June, 2001). Re-examination of the Role of Group Care in Family-Based System of Care. Report to the Legislature. At page 6, this report notes that "Over the past 15 years there have been no attempts to systematically and comprehensively examine or reform the group care system. Any changes that have occurred were reactive, addressing immediate issues requiring resolution rather than proactive."

place where something happens. Residentially-based services should be a specific option chosen as a means to achieve a specific outcome. This new construct reconnects group care with the rest of California's system of care for children and families and the system's overarching goals of permanency, well-being and safety.

The framework produced by the workgroup consists of nine sections: intent, definition, roles of the placing agency and the service agency, placement criteria, program criteria, service criteria outcome criteria and implementation.

## Intent

The intent of this framework is to inspire a transformation of California's current system of group care for children and families. This system should provide effective and reliable interim resources specifically designed to facilitate the ongoing movement of children and youth who have complex emotional and behavioral needs toward more permanent and positive connection or reconnection with their families, schools and communities. At the same time it is critical that the safety and well-being of these children and youth and those around them continues to be protected during the change process. This goal cannot be achieved by group home providers alone, but requires an integrated effort of everyone involved: families, placing agencies, decision-making bodies, provider agencies, regulatory and funding agencies, community stakeholders, and the children and youth themselves.

## Definition

### Residentially-based Services.

For the purpose of this framework, residentially-based services are behavioral and therapeutic interventions delivered in congregate care settings in which 6 or more children or youth per housing unit live with and are supervised by professional staff, including but not limited to:

- Environmentally based interventions designed to establish a safe and structured living situation where children and youth can receive the comfort and attention needed to help them reduce the intensity of their behaviors so that their caregivers can identify and address their underlying unmet needs.
- Intensive treatment interventions to facilitate the rapid movement of children and youth toward connection or reconnection with appropriate and natural home, school and community settings by addressing their critical unmet needs and helping them find ways to understand, reduce and replace the persistent and difficult behaviors that have been associated with those needs with positive and productive alternatives.
- Parallel, pre-discharge community-based interventions to simultaneously help people in the children's family, school and community settings prepare for the children's return. These preparations should be initiated upon placement and proceed apace with the care and intervention being provided within the residential setting.
- Follow-up, post-discharge support as needed to insure the stability and success of the connection or reconnection with home, school and community.

## Role of the Placing Agency

When a child or youth whose current behavior or situation suggests that placement out of the home is a structured group setting may be necessary, a representative of the placing agency should meet with the child and family, establish an initial relationship with them if one does not already exist, and together with them decide that there is a need for some type of formal intervention. The placing agency must then complete, or cause to be completed, a thorough assessment of the child or youth and family's strengths, needs and situation to inform the decision about which intervention will be most effective.

Placement in a residential program should occur only after a team<sup>4</sup> gathered by the placing agency that reflects the perspectives of the child, the family, the community and professionals with expertise in assisting children and families

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<sup>4</sup> The team making this decision should have input from:

- The placing agency responsible for developing and monitoring the service plan,
- The family and the child or youth and their natural supports and advocates,
- The county counsel or other prosecuting attorney,

with needs similar to those under consideration has learned enough about the situation, strengths and needs of a child or youth and her or his family to make three determinations:

- First that this option provides the most effective, appropriate and safest environment in which to address the needs that are the driving force behind the behaviors that are the focus of concern,
- Second, that the specific program chosen for placement has structures, interventions and services that are well-matched with the strengths and needs of the child or youth and family, and
- Third, that there is no available community-based service arrangement that would adequately address the needs of the child and family without placement in a group setting.

When referring the child to the provider agency, a representative of the placing agency should prepare a service plan that clearly identifies the strengths, needs and situation of the child and family and the specific outcomes that are being sought through placement.

Once referral for residentially-based services is accepted and the child is enrolled for treatment, a representative of the placing agency should have continuing involvement as a key member of the planning and treatment team formed by the provider agency in order to:

- Insure accurate sharing of information;
- Collaborate in the development, implementation and revision of the plan for meeting the needs of the child or youth and her or his family, including the parallel, community-based components;
- Assist in monitoring and recognizing progress;
- Help facilitate an effective transition to a family-based living setting; and,
- Help insure that effective follow up supports are in place.

## Role of the Provider Agency

Agencies that provide residentially-based services must operate well-structured programs that insure consistency and quality in the treatment environment, and use a thorough and effective service planning process that insures that each child and family will receive assistance designed to address the specific needs that formed the basis for the placement.

Upon accepting a child or youth for enrollment the provider agency should:

- Engage the child and family in the process and introduce them to the program's service environment in a way that helps them understand how the time spent in placement will be used to help them accomplish the goals that were the basis for the placement.
- Provide the necessary protection and structure to insure that the child will be safe while enrolled in the program.
- Expand on the pre-placement assessment in order to form a clear understanding the strengths and needs of the child and family and help them choose the interventions that will provide the greatest likelihood of helping them obtain the benefits they are seeking through the placement.
- Provide, or arrange for the provision of, a complete range of therapeutic, educational, behavioral and social interventions as needed, to address the needs that have been identified through the pre- and post-placement assessments, including parallel services in the community to prepare for the child's transition from placement.

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- The judge in delinquency and child welfare matters,
  - Agencies that provide court-ordered pre-disposition evaluations, and,
  - Any treatment providers who may currently be serving the child or youth and family.

Examples of team structures that could be adapted or expanded to serve this purpose include the Team Decision Making procedures that are being piloted in several California counties, the counties' Inter-agency Placement Committees, and Wraparound child and family teams.

- Assist the placing agency with the development of a permanency plan to insure that the placement process will include activities to help the child or youth reinforce, re-establish or establish positive lifelong connections with their families, if possible, or with a caring adult in a familial relationship, if reconnection with the family cannot be accomplished.
- Monitor progress, adjusting the plan and services as needed and preparing the child and either the child's family or the caregiver who will be providing a family setting for the child following placement for the child's transition home or to that setting.
- In cooperation with the representative of the placing agency as well as other formal and informal sources of support in the community, assist in the child's transition from placement back to his or her family or to a more normal, family setting.

The provider agency cannot carry out these functions without the active and collaborative involvement and support of the placing agency and other educational and service providers from the community.

## Placement Criteria

The fundamental question underlying the decision about whether or not to refer a child for residentially-based services is what is it about the needs of this child and her or his family that requires an intervention that can only be offered in a group care setting?

This decision is dependent on the current state of the art. As community-based services have improved, agencies have had to place fewer children in group homes. In the future, the system of care may develop to a point at which many more children can receive the help they need at home or in family settings. At present, however, there are times when children and youth have such deeply unmet needs that they are compelled to express them through repeated actions and behaviors that cannot be safely and effectively addressed in the community using our existing service options.

The following table outlines the criteria that a decision-making team should apply when determining whether a residentially-based service is the best option for a given child or youth:

Decision	Criteria
1. What are the situation, strengths and needs of the child or youth in the context of their family & community?	<ul style="list-style-type: none"> <li>○ Level of danger/risk presented to self, others &amp; community</li> <li>○ Presence and persistence of behaviors that prevent the child or youth from participating in or benefiting from services and supports provided in the home, school and community</li> <li>○ Educational strengths and needs</li> <li>○ Mental/emotional health</li> <li>○ Physical health</li> <li>○ Immediate and extended family connections</li> <li>○ Child or youth's other sources of social support</li> </ul>
2. What intervention best meets the needs of this child or youth and family?	<ul style="list-style-type: none"> <li>○ What natural and informal support and assistance is available to the child or youth through their family, school, social network and community?</li> <li>○ What has been helpful for this child and family in the past, and what has not been helpful?</li> <li>○ What service options have demonstrated the ability to meet the type of needs this child or youth presents?</li> <li>○ How might these service options enhance the family's ongoing capacity to meet their child or youth's needs?</li> <li>○ What level of service intensity is required to understand and address the child or youth and family's needs?</li> <li>○ Which service options are most likely to help the child or youth and family achieve the goals they have for themselves?</li> <li>○ Which service options are best matched with the family's culture, preferences and strengths?</li> </ul>

<p>3. Where can this child or youth and family be most successful in receiving this intervention?</p>	<ul style="list-style-type: none"> <li>○ What environment is required to suspend and replace any barrier behaviors that the child or youth is currently using to express her or his needs?</li> <li>○ What about the nature or severity of those behaviors requires interventions in an environment other than the child or youth's existing home, school and community?</li> <li>○ Has an objective and informed inquiry into strategies for using community-based interventions to address the child or youth's behavioral challenges and other needs been conducted?</li> <li>○ Is the child or youth or family requesting a non-family treatment setting for safety or other reasons?</li> </ul>
<p>4. Which residential program can best meet the needs of the child or youth and family?</p>	<ul style="list-style-type: none"> <li>○ Does the program offer an environment that is designed to safely manage the kind of behaviors that are the focus of concern for this child or youth?</li> <li>○ Does the program have intensive treatment options designed to understand and address the specific unmet needs of the child or youth that are driving those behaviors and to help the child or youth learn and acquire new ways of acting that are safer and more pro-social and effective?</li> <li>○ Does the program have the capacity to simultaneously assist those in the child or youth's home, school and community environments to prepare for and welcome the child or youth's return and to continue to support the child or youth's reconnection until it is stable and sustainable?</li> <li>○ Is <i>this</i> option the one most likely to produce desired results for the child or youth and family compared to other options?</li> <li>○ Can the necessary resources be found to cover the cost of treatment?</li> </ul>

### Program Criteria

The following inquiries are intended to identify programs that have the capacity to safely and effectively serve children and youth with such complex emotional and behavioral needs that a residentially-based intervention must be used:

**Mission**

Do the program's services and operations demonstrate a commitment to a mission of:

- Insuring that all children or youth who receive services are ultimately able to connect or reconnect with family, school and community following placement, and
- Providing for active family involvement, behavioral stabilization, intensive treatment, parallel community services and follow-up support to help bring this about?

**Values**

Does the program's service environment reflect the values of:

- Respect for the culture, individuality and humanity of children, youth and families.
- Maintaining a focus and building plans of care on the individual strengths, needs and goals of each child, youth and family member.
- Providing for and insuring active and equitable family participation in all phases of intervention and treatment.
- Helping children and youth develop and sustain positive connections with family, school and community.
- Understanding and supporting the emotional, behavioral, intellectual and physical development of children and youth.

- Providing positive and supportive assistance to guide children and youth in replacing the behaviors that required residential placement with pro-social alternatives that better express and address their unmet needs.
- Helping children and youth in placement quickly return to and remain safely with their families, schools and communities.

### **Administration**

- Does the provider have the administrative capacity to insure that all children youth and families enrolled in its programs receive high quality, cost-effective care?
- Do the provider's RBS programs have adequate fiscal, material and personnel resources to carry out its mission?
- Does the provider's administrative structure include opportunities for ongoing input by representative family members and service consumers?
- Does the provider have a well-structured and reliable system for data management that accurately reflects its operations, costs, service delivery and outcomes?
- Is there evidence of an independent financial audit that demonstrates that financial resources are appropriately managed and accounted for?

### **Management**

- Do the provider's management structures insure effective oversight of program operations?
- Does the management structure support effective coordination of service delivery both among the provider's internal programmatic units and also with the agency that is contracting for and supervising the provision of services and other community resources that may also be involved with the children, youth and families the provider is serving?
- Do the provider's managers and supervisors have the qualifications and experience necessary to insure the delivery of effective, consistent and appropriate services and to provide skilled support and guidance for program staff?
- Does the provider have a communication network sufficient to insure that accurate information about issues and challenges regarding program operation or child, youth or family needs are noted and responded to in a timely and effective manner?

### **Staffing**

- Does the provider have a well-managed human resources system that insures that qualified RBS staff are recruited, hired, trained, coached, evaluated, retained and advanced in a manner consistent with the mission, values and goals of the organization?
- Is there evidence that currently employed staff have the skills, qualifications, experience and personal characteristics necessary to carry out their roles appropriately and effectively?
- Does the provider have adequate and appropriate professional and paraprofessional positions in its RBS programs to address and respond to the needs of the children or youth and families it is designed to serve?
- Is there evidence that the RBS programs are able to retain skilled and effective staff and maintain adequate and consistent staffing levels, and that staff understand and are able to put into action the mission and values of the agency?

### **Quality Assurance**

- Does the provider have an effective system for measuring the quality and effectiveness of its RBS operations and services and the satisfaction that children, youth, families, placing agencies and community stakeholders have with the organization's operations and services, including input from independent, outside evaluators?
- Does the provider have a system for improving quality and satisfaction in its RBS programs based on the information produced by these assessments?

- Is there evidence that the provider has used information drawn from its assessment of quality and satisfaction to improve program performance?
- Is there evidence that the provider has linked its quality assurance system and goals with those of the broader community, including, for example, the county and state program improvement plans, where appropriate.

## **Service Criteria**

The following inquiries are intended to help determine whether a provider's residential services are sufficient to help children and youth with complex emotional and behavioral needs and their families achieve and sustain positive outcomes:

### **Engagement**

- Does the provider maintain a living environment that effectively addresses, manages and reduces the expression of the type of behaviors most frequently exhibited by the children and youth who are accepted for placement?
- Do staff have explicit processes for engaging the children, youth and families who are referred for care, and accurately determining their strengths, needs, and goals?
- Are there supports, such as the use of parent partners and peer advocates, provided to insure that children, youth and family members understand the program's nature and processes and have adequate and effective voice and participation?
- Is the engagement process used consistently and effectively with each child or youth who is referred for services and with her or his family members?

### **Planning**

- Is there an explicit process for developing individualized, strength-based needs and services plans that includes active and equitable participation by children, youth and family members?
- Does the process include a means to adapt the program's general service interventions, treatment and support options to address each child or youth's specific unmet needs and those of her or his family?
- Is this individualized service planning process used consistently and effectively with each child or youth who enters care and her or his family?
- Do the plans identify strategies for understanding and replacing the behaviors that led to placement with functional alternatives that will help children and youth safely and effectively participate in and benefit from ongoing community-based assistance?
- Do the plans identify strategies for providing or obtaining parallel services in the home and community to prepare for the return of the child or youth and for delivering follow-up services to maintain the community placement once it occurs?

### **Implementation**

- Is a system in place to insure that each component of the service plan is put into action, a feedback mechanism that quickly indicates when planned services are not implemented or are no longer being provided, and a means for immediately addressing gaps in plans of care?
- Does the system monitor the impact and outcomes of the services that children, youth and families receive and provide a means for quickly modifying plans of care to improve their effectiveness when necessary?
- Is the implementation assurance system used consistently and effectively with each child or youth who enters care?

### **Coordination**

- Is there a method to coordinate planning, decision-making, implementation, and the delivery of parallel and follow-up services among the components of their own operations and with other formal and informal

agencies and individuals who are involved in the care, support and treatment of the children or youth who are enrolled in the RBS program and their families?

- Does the service coordination methodology include support for effective access and use of formal and informal resources by the child or youth and family?
- Is the service coordination methodology used consistently and effectively with each child or youth who enters care?

### **Permanency**

- Does the program include services and strategies for reinforcing, re-establishing or establishing positive and lifelong connections between the child and her or his family, if possible, or with a caring adult in a familial relationship if reconnection with the family cannot be accomplished?
- Do the processes for service planning, implementation, coordination and outcome monitoring include mechanisms for managing transition to other services and service locations when appropriate and for preparing for discharge and successful connection or reconnection with family, school and community?
- Are plans and timelines for discharge developed concurrently with the treatment and service plans?
- Are the transitions for all children or youth and their families carried out in the context of the provider's treatment planning, implementation, coordination and monitoring systems?

### **Parallel and Follow-Up Services**

- Are parallel services with the family and community offered to insure that an appropriate family and community-based care setting will be available and ready for each child or youth upon discharge?
- Are follow-up services available in varying degrees of intensity and duration to stabilize and maintain the return to home and community based on the individual needs of the child or youth and family for up to 6 months after child or youth has been discharged?
- Are parallel and follow-up services available for all children and youth and their families who need them?

### **Evaluation and Quality Improvement**

- Is there a system for accurately assessing the outcomes achieved by children, youth and families both while they are receiving RBS and for at least 6 months following discharge and for identifying and responding to important events that may indicate a need for changes in services or program structure?
- Does the outcome assessment system measure safety, well-being, developmental progress, improvement in the child or youth's condition, stability of post-placement living situation, movement toward or establishment of permanency, and the replacement of the behaviors that led to placement with more functional alternatives?
- Does the outcome assessment system include a process for gathering accurate, specific and unbiased information about the satisfaction that children and families have with the services and supports they have received and the outcomes that have been achieved?
- Does the outcome assessment system include measures and means for obtaining and accurately recording the satisfaction that referring agencies and other community stakeholders have with the services offered by the provider and the outcomes that were achieved?
- Is accurate outcome and satisfaction information gathered for each child or youth and family that is enrolled, and is it used to improve both individual services as well as program operations?
- Is the outcome and satisfaction assessment system directly connected with the provider's quality improvement system?
- Are there feedback loops in place that keep staff informed about what is working and not working both with individual families and also at a program level and assists them in developing more effective alternatives?

## Outcome Criteria

Placing agencies and providers should develop a system for collecting and maintaining data that identify each child's progress within the three domains of safety, permanency and well-being.

The parameters, intervals and criteria to be used should:

- Be aligned with the Child Welfare Services Accountability and Outcomes System that is being implemented under AB 636,
- Insure confidentiality and accuracy,
- Be developed collaboratively by representatives of the licensing agencies, placing agencies, courts, family member representatives, parent and youth advocates, and the provider agencies, and,
- Be explicitly incorporated in both the contracts through which placements are made and reimbursed and the format used to document the plans of care generated through those placements.

Information gathered through this system should include the following elements within each of the primary outcome domains.

### Safety

Residentially based service programs should be able to demonstrate that the behaviors that were the focus of concern leading to the placement of a child or youth have been stabilized and replaced with more functional and pro-social alternatives. In addition, the programs should be able to show that they are able to maintain an environment where children and staff are free from harm and the threat of being harmed.

Examples of outcome indicators in this area include:

- Documented improvement in behavior both within the residential setting and in the home, school and community environments as shown by changes in objective measures of the specific actions that were the focus of concern leading to placement.
- A cessation of further legal involvement both within the residential setting and while receiving support in the family and community settings.
- Documented reductions in symptoms and other expressions of emotional and behavioral disorders from objective baseline measures established at the time of placement.
- No development of new behaviors that prevent return to the community.
- Measurable increases in specific social and behavioral competencies from objective baseline measures of the strengths of the child or youth and her or his family.
- Reports by children or youth that they feel safe while living in the residential program and as they begin to return to community-based settings.
- Reports by children or youth and their families that they feel safer and more confident in their ability to manage and address the unmet needs that were the driving forces behind the behaviors that were the focus of concern.

### Permanence

Programs offering RBS should demonstrate that they have helped the child or youth develop or re-establish and maintain positive and supportive relationships with family members (or with primary care givers if the child or youth will be living in a non-relative, family setting after leaving the residential placement), educational staff and key individuals in the community. It is particularly important that programs are able to establish connection or reconnection in areas of the child or youth's life where there have been substantial disruptions or severing of relationships.

Examples of outcome indicators in this area include:

- Documentation of an increase in the quality and quantity of positive family, school, peer and community relationships from an objective baseline measure of the child or youth's level and nature of involvement at the time of placement.

- For children and youth who have left the program, documentation that they are now living in a positive, lifelong relationship with a parent or family member or in a lifelong familial relationship with a caring and committed non-relative caregiver.
- For children and youth who are still in placement, documentation that a parent or other family member or a non-relative primary caregiver has made a commitment to provide a home for the child or youth, and documentation of progress toward accomplishing the specific steps needed for the child or youth to come to live in the home of the parent, family member or non-relative caregiver.
- For each child or youth leaving placement but who will be living in a non-family, community-based setting, that there is a caring family member or other adult who has made a commitment to stay in a life long and supportive relationship with that child or youth while a permanent placement is being developed.

### **Well-Being**

Residentially-based service programs should demonstrate that a child or youth has made significant progress in her or his growth and development, including: the ability to enroll in, attend and benefit from an appropriate educational program; the ability to use and express age appropriate social and life skills; and the achievement or maintenance of good physical and emotional health.

Examples of outcome indicators in this area include:

- Documentation of the acquisition of developmentally-appropriate social and life skills from an objective baseline measure of the child or youth's strengths and needs made at the time of placement in the program.
- Documentation that the child or youth has acquired or maintained a reasonable and appropriate degree of physical well-being, based on objective records of the assessment and treatment of any identified medical needs.
- Documentation that the child or youth has acquired or maintained a reasonable degree of emotional well-being, based on objective records of the assessment and treatment of any identified emotional and behavioral needs.
- Documentation that the child or youth is making reasonable educational progress, based on objective records of the assessment of her or his educational needs, the instructional interventions made to address those needs, and the enrollment of child or youth in an appropriate educational program with regular attendance; or documentation of a plan to accomplish educational connection or reconnection and objective measurement of progress toward accomplishment of that plan.
- Reports by children and youth and their families that the children or youths' physical and emotional health care needs are being understood and addressed, that their overall sense of well-being is improving and that they feel more confident in their ability to attend and participate in appropriate educational activities.

## **Implementation**

The intent of this framework is not only to transform the nature of residentially-based services for children and youth, but also to contribute to the development of comprehensive, effective and integrated systems of care that use these services wisely and well.

These are changes that provider agencies cannot institute alone. Implementation will require action on several fronts. First, the process for deciding when and how residentially-based services are used must reflect a consistent expectation that placement is to address a specific need and accomplish a specific purpose. Second, placing agencies must have the resources and capacity to make these focused and intentional assessments and judgments. Third, community-based services must have the capacity and resources needed to insure that group home placements no longer have to be made simply because there was no place else where children and youth could be safely cared for. In concert with these other efforts, residential providers must have the capacity and resources to adjust their programs to accomplish the tasks that have been identified in the preceding sections of this framework.

Many of the system of care changes proposed in this framework are already occurring as part of California's ongoing performance improvement process and the recommendations proposed by this workgroup should be implemented in concert with these other efforts.

Some components of the framework will, however, require new action. Principally, the legislative and regulatory framework for licensing and funding group homes must be amended to:

- Create a mechanism for accurately, objectively and consistently measuring and comparing the progress toward and outcomes achieved by children and families who receive services from any component of the system of care, including RBS.
- Reflect and reinforce the contribution that residentially-based services should make toward helping families achieve these outcomes.
- Clarify the process and criteria to be followed when deciding what service options to use when children and youth have complex emotional and behavioral needs, as well as the roles and responsibilities of those who should be participating in this process.
- Insure that agencies offering RBS have the resources and competency necessary to address the type and depth of needs displayed by the children and families for whom they are accepting referrals.

Because regulatory agencies, placing agencies, provider agencies, families, courts, advocates, and community stakeholders will have to cooperate in the design and implementation of this new vision, because there is no pre-existing template for putting all of these components into action and because the transformation proposed in this framework is fundamental and wide-reaching, a necessary first step will be to sponsor legislation that would enable, endorse and support the change process.

This legislation would authorize the state to receive and approve requests from partnerships formed by counties and service providers interested in establishing innovative alternative approaches to using residentially-based services to waive existing funding and regulatory provisions as long as the new approach continues to guarantee the fundamental safety and well-being of children and youth in placement, reflects the criteria established in this framework and demonstrates a reasonable likelihood of promoting improved outcomes for children, youth and families.

Adjustment in funding strategies will be necessary to test the recommendations in this framework because residential programs are currently not funded to provide some of the proposed services and are specifically prohibited from using existing funding streams to support parallel and follow-up services. In addition, the framework is intended to create a funding and regulatory environment that links reimbursement with the quality and outcomes achieved by programs, and insure sufficient resources to address the full range of needs presented by the children and youth who are referred for placement.

A formal workgroup should be convened under the auspices of the legislature to monitor, coordinate and assess the developments and results that occur during this phase of guided innovation, and to present recommendations for permanent legislation based on these results. In order to be more than a passive participant in this process, this workgroup should have sufficient resources to provide technical assistance and support to counties and providers who are attempting to develop alternative approaches and to analyze the results that they produce.

Ultimately, after a defined period of time, the workgroup should coalesce the insights and experiences from the initial test period into a new set of regulatory and funding provisions that would be implemented on a statewide basis.

## Conclusion

California has been attempting to reform its group home services since 1998. It is time to move to action. This framework is the result of an ongoing exchange among the diverse membership of an informal work group who share a common mission of helping California's children and families get the right assistance, at the right time, in the location and using the approach most likely to help them achieve productive life outcomes. While they share a common mission, the participants in the work group have distinct and sometimes conflicting perspectives about how to accomplish this mission. Although most of the members of the work group agree with many of the provisions in this framework, none are in a position to completely endorse all of them. This document does, however, reflect the best consensus the group was able to achieve after many hours of deliberation.

The framework's redefinition of group homes as residentially-based services is designed to improve their focus and effectiveness and incorporate them as consistent and reliable resources within the comprehensive array of family-centered, strength-based services that are being made available for children and families in California's emerging new systems of care.

## Appendix B

### Guidelines for RBS Reform Letter of Intent

Thank you for your interest in the RBS Reform Initiative. We share your goal of improving outcomes for children, youth and families through more effective integration of Residentially-Based Services into the continuum of care. The aim is to move away from using group care as a default placement option and instead developing a system that utilizes RBS as a targeted, short-term, therapeutic intervention to promote and sustain permanency so that youth can be returned to community, school and family.

Please be sure your Letter of Intent addresses the following questions.

1. Why is reforming the group care system in your county or consortium an important priority?
2. Describe the nature and extent to which leaders of public and private agencies in your county or consortium are actively supporting and guiding the effort to transform the group care system.
3. Describe the nature and extent to which family, youth and community stakeholders are involved in and actively supporting and guiding the effort to transform the group care system.
4. What measurable child and family outcomes are you seeking to improve with this reform?
5. Briefly describe the programmatic and fiscal changes in the group care system your county or consortium is considering, with an emphasis on changes that reflect elements of the framework outlined in AB 1453:
  - a. What population(s) of youth would your reform effort target and why? What proportion of the total population of children and youth currently served through the group care system will the proposed target group(s) represent?
  - b. How will the process of screening, assessment and decision-making in your system of care be adjusted? How will these changes improve the likelihood that children, youth and families will receive care in the setting best matched with their needs, including placement in group care?
  - c. How will the process of service delivery in your system of care change through this reform? Describe the nature and scope of services to be available to children, youth and families before, during and following RBS placement.
  - d. What organizational, cultural or philosophical changes will the public and private agencies participating in this reform likely need to undertake?
  - e. Describe the role each public and private collaborative partner will play in designing and implementing your county or consortium's new model for RBS services.
  - f. What are the capacities, motivation and abilities of your group home provider partner(s) to implement the changes required by this reform effort?
  - g. What changes in the current funding mechanisms for group home placement are likely to be needed to support this reform? What options are you considering for alternative funding models?
6. Describe the factors currently supporting and impeding change in your human service system environment and your strategies for accomplishing change in this context.
7. How will the role of group residential services for children and youth within your continuum of care be different as a result of this reform effort?

8. For applications by consortia only. Describe the process, service and funding elements that will be shared by your consortium, how will they will be managed and coordinated, and the rationale for assembling the specific group of counties who will take part in the reform effort.
9. Describe any other relevant facts about your county, consortium, service population, provider community or recent trends in group care utilization that influence the impact or innovation of your RBS reform effort.
10. Attach letters of support from the public and private partners who are collaborating in developing the initiative you are proposing.

Please limit your Letter of Intent to 8 pages (8½ X 11), single-spaced, 12 point font, not including the letters of support and Cover Sheet described below.



## Appendix C

### RBS Reform Selection Criteria

Point of Inquiry	Standard for Measurement On a scale of from 1 – 5:	Possible Points
1. Priority of Reform Effort	How important is this effort to the county or consortium?	1 – 5
2. Leadership Involvement	How committed and involved are the necessary public and private agency leaders?	1 – 5
3. Consumer and Stakeholder Involvement	How much meaningful consumer and stakeholder involvement is present?	1 – 5
4. Outcomes Selected	How significant are the proposed outcomes that have been identified?	1 – 5
5. Program and Fiscal Design Concept		
a. Target Population	How big of an impact would the reform have on the population currently served in group homes?	1 – 5
b. Proposed Screening and Assessment System	How well is their proposed screening and assessment system aligned with the RBS reform framework?	1 – 5
c. Proposed Service Delivery System	How well is their proposed model of service delivery aligned with the framework?	1 – 5
d. Organizational Change Efforts	How achievable is the degree of organizational, philosophical and cultural change needed for the proposed reform?	1 – 5
e. Collaboration	How well does it appear that the partners are collaborating?	1 – 5
f. Provider Capacity	Do the providers have the capacity to design and implement the changes that reflect the elements of the framework?	1 – 5
g. Innovations in Funding	How creative and feasible are the proposed funding innovations?	1 – 5
6. Opportunities for System Change	How ready and able to undertake the proposed changes do the systems involved appear to be?	1 – 5
7. Change in Role of RBS in System of Care	How significant will the proposed change in the role of RBS in their system of care be?	1 – 5
8. Consortium design	How well is the consortium designed? Is it likely to be effective in addressing RBS services across the participating counties?	1 – 5
9. Other Relevant Facts	To what extent does the proposal include additional needs, insights, collaborative partners, etc. that increase its innovation and impact?	1 – 5
10. Letters of Support	Are all needed partners included in this effort?	1 – 5
<b>TOTAL POSSIBLE POINTS</b>	For single county applicants	75
	For consortia applicants	80

## Appendix D

BILL NUMBER: AB 1453 CHAPTERED  
BILL TEXT

CHAPTER 466  
FILED WITH SECRETARY OF STATE OCTOBER 11, 2007  
APPROVED BY GOVERNOR OCTOBER 11, 2007  
PASSED THE SENATE SEPTEMBER 10, 2007  
PASSED THE ASSEMBLY SEPTEMBER 12, 2007  
AMENDED IN SENATE SEPTEMBER 5, 2007  
AMENDED IN SENATE AUGUST 20, 2007  
AMENDED IN ASSEMBLY JUNE 6, 2007  
AMENDED IN ASSEMBLY JUNE 1, 2007  
AMENDED IN ASSEMBLY APRIL 9, 2007

INTRODUCED BY Assembly Member Soto  
(Coauthor: Senator Alquist)

FEBRUARY 23, 2007

An act to add Chapter 12.87 (commencing with Section 18987.7) to Part 6 of Division 9 of the Welfare and Institutions Code, relating to foster care.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1453, Soto. Foster care: residentially based services.

Existing law provides for child welfare services, which are public social services directed toward, among other purposes, protecting and promoting the welfare of all children, including those in foster care placement. Existing law provides for the placement of children in foster care in various settings, including group homes, by foster placement agencies, under the oversight of the State Department of Social Services.

Existing law provides for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, under which, pursuant to a combination of federal, state, and county funds, aid on behalf of eligible children is paid to foster care providers.

Existing law, the California Community Care Facilities Act, provides for the licensure and regulation of community care facilities, including group homes, by the State Department of Social Services.

Existing law requires the State Department of Social Services, under the direction of the California Health and Human Services Agency and in collaboration with other appropriate organizations, as specified, to reexamine the role of out-of-home placements currently available for children served within the child welfare services system.

This bill would require the department to convene a workgroup of designated public and private stakeholders that will develop a plan for transforming the current system of group care for foster children or youth, and for children with serious emotional disorders into a system of residentially based services, as defined. The bill would

require the department, by January 1, 2011, to provide a copy of the plan developed by the workgroup to the Legislature. The bill would require the department to encourage counties and private nonprofit agencies to develop voluntary agreements to test alternative program design and funding models to achieve the bill's objectives. The bill would authorize voluntary agreements between counties and nonprofit agencies to transfer all or part of an existing group home program into a residentially based services program, if specified conditions are met, would prohibit the agreements from exceeding 5 years from January 1, 2008, and would authorize the department to waive otherwise applicable regulatory provisions and approve alternative funding models, in order to facilitate implementation of these agreements. The bill would specify the required characteristics of these alternative funding models.

The bill would also require the department to report during the legislative budget hearings on the status of any county agreements entered into pursuant to these provisions, and on the development of statewide residentially based services programs.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares as follows:

(a) There is general dissatisfaction with how foster care group homes are currently used in California's child welfare, juvenile justice, and mental health systems. This concern is shared by the state, county placing agencies, the courts, group home providers, children's advocates, and, most importantly, by foster youth and their families.

(b) Under current state law, the role of foster care group homes is not well-defined and outcomes to be achieved for children placed in group homes are poorly articulated. State laws and regulations governing community care licensing and Aid to Families with Dependent Children-Foster Care (AFDC-FC) funding for group homes have not been updated to keep pace with the evolving expectations of the child welfare, juvenile justice, and mental health systems, particularly the new emphasis on finding and providing support for permanent family placements for all foster children before they emancipate to adulthood.

(c) The current AFDC-FC program neither authorizes nor funds group homes to provide services that may be needed by families to achieve reunification, or, when reunification is not possible, to prepare and support relatives or another family willing to provide a permanent home. As a result, many foster children remain in group homes longer than would otherwise be necessary, or they are discharged to another foster care setting without achieving a stable and permanent family living situation.

(d) A comprehensive reform proposal was developed by a broad-based group of stakeholders convened in 2005, titled "Framework for a New System for Residentially-Based Services in California." The recommendations in that document would lead to the transformation of California's current system of foster care group homes into a system of "residentially based services" designed to improve outcomes for foster children by enhancing the quality and scope of care and services provided with the specific objective of expediting a permanent family placement.

(e) The State Department of Social Services has committed to

continue to collaborate with stakeholders to achieve fundamental reforms in group care based on the recommendations included in the framework document. However, this is a complex task, which could take two or more years to complete.

(f) There are some counties and private nonprofit agencies operating group home programs that are interested in moving forward now to develop, implement, and test alternative program designs and funding models based on recommendations in the framework document. These counties and provider agencies will not be able to implement reform projects unless they are able to obtain a variety of waivers and approvals which the State Department of Social Services does not now have the authority to grant.

(g) It is the intent of the Legislature in enacting this act to ensure that the State Department of Social Services has the authority necessary to approve voluntary agreements entered into by counties and private nonprofit agencies for the purpose of testing alternative program design and funding models for transforming existing group home programs into residentially based services programs.

SEC. 2. Chapter 12.87 (commencing with Section 18987.7) is added to Part 6 of Division 9 of the Welfare and Institutions Code, to read:

CHAPTER 12.87. REFORM OF RESIDENTIALLY BASED SERVICES FOR CHILDREN AND YOUTH

18987.7. (a) The State Department of Social Services shall convene a workgroup of public and private nonprofit stakeholders that shall develop a plan for transforming the current system of group care for foster children or youth, and for children with serious emotional disorders (SED), into a system of residentially based services. The stakeholders may include, but not be limited to, representatives of the department and of the State Department of Mental Health, the State Department of Education, the State Department of Alcohol and Drug Programs, and the Department of Corrections and Rehabilitation; county child welfare, probation, mental health, and alcohol and drug programs; local education authorities; current and former foster youth, parents of foster children or youth, and children or youth with SED; private nonprofit agencies operating group homes; children's advocates; and other interested parties.

(b) The plan developed pursuant to this chapter shall utilize the reports delivered to the Legislature pursuant to Section 75 of Chapter 311 of the Statutes of 1998 by the Steering Committee for the Reexamination of the Role of Group Care in a Family-Based System of Care in June 2001 and August 2002, and the "Framework for a New System for Residentially-Based Services in California" published in March 2006.

(c) In the development, implementation, and subsequent revisions of the plan developed pursuant to subdivision (a), the knowledge and experience gained by counties and private nonprofit agencies through the operation of their residentially based services programs created under voluntary agreements made pursuant to Section 18987.72, including, but not limited to, the results of evaluations prepared pursuant to paragraph (3) of subdivision (b) of Section 18987.72 shall be utilized.

(d) By January 1, 2011, the department shall provide a copy of the plan developed by the workgroup pursuant to subdivision (a) to the

Legislature. The plan shall include, in addition to other requirements set forth in this chapter, any statutory revisions necessary for its implementation.

18987.71. For purposes of this chapter, the following terms shall have the following meanings:

(a) (1) "Residentially based services" means behavioral or therapeutic interventions delivered in nondetention group care settings in which multiple children or youth live in the same housing unit and receive care and supervision from paid staff. Residentially based services are most effectively used as intensive, short-term interventions when children have unmet needs that create conditions that render them or those around them unsafe, or that prevent the effective delivery of needed services and supports provided in the children's own homes or in other family settings, such as with a relative, guardian, foster family, or adoptive family.

(2) "Residentially based services" shall include the following interventions and services:

(A) Environmental interventions that establish a safe, stable, and structured living situation in which children or youth can receive the comfort, attention, structure, and guidance needed to help them reduce the intensity of conditions that led to their placement in the program, so that their caregivers can identify and address the factors creating those conditions.

(B) Intensive treatment interventions that facilitate the rapid movement of children or youth toward connection or reconnection with appropriate and natural home, school, and community ecologies, by helping them and their families find ways to mitigate the conditions that led to their placement in the program with positive and productive alternatives.

(C) Parallel, predischarge, community-based interventions that help family members and other people in the social ecologies that children and youth will be joining or rejoining, to prepare for connection or reconnection. These preparations should be initiated upon placement and proceed apace with the environmental interventions being provided within the residential setting.

(D) Followup postdischarge support and services, consistent with the child's case plan, provided as needed after children or youth have exited the residential component and returned to their own family or to another family living situation, in order to ensure the stability and success of the connection or reconnection with home, school, and community.

(b) "County" means a county that enters into a voluntary agreement with a private nonprofit agency to test alternative program designs and funding models pursuant to this chapter, and may include a consortia or consortium of counties.

18987.72. (a) In order to obtain knowledge and experience with which to inform the process of developing and implementing the plan for residentially based services, required by Section 18987.7, the department shall encourage counties and private nonprofit agencies to develop voluntary agreements to test alternative program design and funding models for transforming existing group home programs into residentially based services programs in order to meet the diverse needs of children or youth and families in the child welfare, juvenile justice, and mental health systems.

(b) (1) With the approval of the department, any counties participating in the federal Title IV-E waiver capped allocation demonstration project pursuant to Section 18260, at their option, and

two other counties may enter into and implement voluntary agreements with private nonprofit agencies to transform all or part of an existing group home program into a residentially based services program.

(2) If one or more counties participating in the federal Title IV-E waiver capped allocation demonstration project opts not to enter into a voluntary agreement pursuant to this chapter, the department may select one or more nonwaiver counties. The department may approve up to four counties to participate in the voluntary agreements pursuant to this section.

(3) The department shall select participating counties, based on letters of interest submitted to the department from counties, in consultation with the California Alliance of Child and Family Services and the County Welfare Directors Association.

(c) Voluntary agreements by counties and nonprofit agencies shall satisfy all of the following requirements:

(1) Incorporate and address all of the components and elements for residentially based services described in the "Framework for a New System for Residentially-Based Services in California."

(2) Reflect active collaboration among the private nonprofit agency that will operate the residentially based services program and county departments of social services, mental health, or juvenile justice, alcohol and drug programs, county offices of education, or other public entities, as appropriate, to ensure that children, youth, and families receive the services and support necessary to meet their needs.

(3) Provide for an annual evaluation report, to be prepared jointly by the county and the private nonprofit agency. The evaluation report shall include analyses of the outcomes for children and youth, including achievement of permanency, average lengths of stay, and rates of entry and reentry into group care. The evaluation report shall also include analyses of the involvement of children or youth and their families, client satisfaction, the use of the program by the county, the operation of the program by the private nonprofit agency, payments made to the private nonprofit agency by the county, actual costs incurred by the nonprofit agency for the operation of the program, and the impact of the program on state and county AFDC-FC program costs. The county shall send a copy of each annual evaluation report to the director, and the director shall make these reports available to the Legislature upon request.

(4) Permit amendments, modifications, and extensions of the agreement to be made, with the mutual consent of both parties and with approval of the department, based on the evaluations described in paragraph (3), and on the experience and information acquired from the implementation and the ongoing operation of the program.

(5) Be consistent with the county's system improvement plan developed pursuant to the California Child Welfare Outcomes and Accountability System.

(d) (1) Upon a county's request, the director may waive child welfare regulations regarding the role of counties in conjunction with private nonprofit agencies operating residentially based services programs to enhance the development and implementation of case plans and the delivery of services in order to enable a county and a private nonprofit agency to implement an agreement described in subdivision (b). Nothing in this section shall be construed to supersede the requirements set forth in subdivision (c) of Section 16501.

(2) Notwithstanding Sections 11460 and 11462, or any other law or regulation governing payments under the AFDC-FC program, upon the request of one or more counties, and in accordance with the voluntary agreements as described in subdivision (b), the director may also approve the use of up to a total of five alternative funding models for determining the method and level of payments that will be made under the AFDC-FC program to private nonprofit agencies operating residentially based services programs in lieu of using the rate classification levels and schedule of standard rates provided for in Section 11462. These alternative funding models may include, but shall not be limited to, the use of cost reimbursement, case rates, per diem or monthly rates, or a combination thereof. An alternative funding model shall do all of the following:

(A) Support the values and goals for residentially based services, including active child and family involvement, permanence, collaborative decisionmaking, and outcome measurement.

(B) Ensure that quality care and effective services are delivered to appropriate children or youth at a reasonable cost to the public.

(C) Ensure that payment levels are sufficient to permit the private nonprofit agencies operating residentially based services programs to provide care and supervision, social work activities, parallel predischarge community-based interventions for families, and followup postdischarge support and services for children and their families, including the cost of hiring and retaining qualified staff.

(D) Facilitate compliance with state requirements and the attainment of federal and state performance objectives.

(E) Control overall program costs by providing incentives for the private nonprofit agencies to use the most cost-effective approaches for achieving positive outcomes for the children or youth and their families.

(F) Facilitate the ability of the private nonprofit agencies to access other available public sources of funding and services to meet the needs of the children or youth placed in their residentially based services programs, and the needs of their families.

(G) Enable the combination of various funding streams necessary to meet the full range of services needed by foster children or youth in residentially based services programs, with particular reference to funding for mental health treatment services through the Medi-Cal Early and Periodic Screening, Diagnosis, and Treatment program.

(H) Maximize federal financial participation, and mitigate the loss of federal funds, while ensuring the effective delivery of services to children or youth and families, and the achievement of positive outcomes.

(I) Provide for effective administrative oversight and enforcement mechanisms in order to ensure programmatic and fiscal accountability.

(3) A waiver granted by the director pursuant to paragraph (1), or an approval of an alternative funding model pursuant to paragraph (2), shall be applicable only to the development, implementation, and ongoing operation of a residentially based services program and related county activities provided under the terms of the agreement and for the duration of the agreement, and shall be granted only when all of the following apply:

(A) The agreement promises to offer a worthwhile test related to the development, implementation, and ongoing operation of a residentially based services program as described in this chapter.

(B) Existing regulatory provisions or the existing AFDC-FC payment requirements, or both, impose barriers for the effective, efficient, and timely implementation of the agreement.

(C) The requesting county proposes to monitor the agreement for compliance with the terms of the waiver or the alternative funding model, or both.

(D) Neither the waiver nor the alternative funding model will result in an increase in the costs to the General Fund for payments under the AFDC-FC program, measured on an annual basis. This would permit higher AFDC-FC payments to be made when children or youth are initially placed in a residentially based services program, with savings to offset these higher costs being achieved through shorter lengths of stay in foster care, or a reduction of reentries into foster care, as the result of providing predischarge support and postdischarge services to the children or youth and their families.

(e) In addition to the requirements set forth in subdivision (c), the voluntary agreements shall do all of the following:

(1) Provide that, to the extent that some of the care, services, and other activities associated with a residentially based services program operated under an agreement described in subdivision (b) are not eligible for federal financial participation as foster care maintenance payments under Part E (commencing with Section 470) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 670 et seq.), but may be eligible for federal financial participation as administration or training, or may be eligible for federal financial participation under other programs, including, but not limited to, Title XIX of the federal Social Security Act (42 U.S.C. Sec. 1396 et seq.), the appropriate state departments shall take measures to obtain that federal funding.

(2) Provide that, prior to approving any waiver or alternative funding model pursuant to subdivision (d), the director shall make a determination that the design of the residentially based services program to be operated under the agreement described in subdivision (b) would ensure the health and safety of children or youth to be served.

(f) Agreements entered into pursuant to this section shall be valid for a period not to exceed five years from January 1, 2008, unless a later enacted statute extends or removes this limitation.

(g) The department shall report during the legislative budget hearings on the status of any county agreements entered into pursuant to subdivision (b), and on the development of statewide residentially based services programs.