

**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***

October 15, 2009

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), is expanding its existing performance based contracting initiative to private contract agencies providing residential, group care, independent and transitional living services. Illinois has led the nation since 1997 in the implementation of performance-based contracting and quality assurance (PBC/QA) initiatives for foster care case management.

Despite the success of this initiative in moving over 35,000 children into permanent homes, Illinois failed to achieve substantial conformity on any of the seven child welfare outcome measures in its 2003 Child and Family Services Review (CFSR). One of the weakest areas identified by the federal reviewers was the State's performance on Permanency Outcome 1 (children have permanency and stability in their living situations) wherein Illinois was found to have substantially achieved this outcome in only 36% of the foster care cases reviewed. Reviewers found a lack of consistency with efforts to ensure placement stability, establish permanency goals in a timely manner, and ensure that older children in long-term foster care receive appropriate services to assist them in transitioning out of care into independent living (Illinois CFSR, 2003). Illinois currently serves approximately 2,300 children and youth in residential, independent and transitional living programs.

Current research indicates the complexity of the service needs of these target populations. A 2006 study by the Chapin Hall Center for Children at the University of Chicago on placement stability in Illinois found that the placement change rate in Illinois is relatively high when compared to other 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.¹ 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) of the University of Illinois at Urbana-Champaign prepares an annual report on the conditions of children in or at risk of foster care in Illinois as a mandate of the *BH v. McEwen* consent decree. Several recent findings have implications for this project. The 2007 report found that the age group most likely to run away from care is children entering foster care at age 15 or older. Children residing in Cook County (Chicago) are much more likely to run away than children in other parts of the state. Girls are slightly less stable in their placements than boys (Testa & Rolock, 2008). This trend continued during FY 2009. While there has been a slight improvement overall in decreasing the percentage of youth who run since 2002, one in five children run in their first year of placement (Rolock & Testa, 2009).

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

¹ “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.

that the relative risk of juvenile delinquency is approximately two and one half times greater for adolescents with one group home placement when compared with youth who have been placed in foster care settings (Ryan, Marshall, Herz & Hernandez, 2008). The Illinois Department of Children and Families is noting a spike in co-occurring delinquency and dependency but it is too soon to determine if this is a building trend. Dr. Ryan has been awarded a McArthur Foundation grant to investigate dually involved youth in DuPage and Peoria counties with a specific focus on residential, group home and kinship care placements.

Illinois' successful past experience with performance based contracting in foster care case management has led DCFS to believe that the expansion of performance-based contracting and its related quality assurance initiatives into the provision of residential services, independent living (ILO) services and transitional living (TLP) services is a worthwhile strategy for improving outcomes for children and youth. The primary driver of performance based contracting for foster care case management was to reduce the number of 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 shifts the focus to child well-being. The overarching goals of the current expansion of PBC/QA to residential care are to increase placement stability, sustain treatment gains obtained during residential placement post-discharge, and incentivize shorter lengths of stay in residential care while improving client stability and functioning thereby allowing for expanded availability of residential care beds for children at earlier stages of their need thereby increasing the likelihood of successful intervention. For ILO/TLP programs, the long term goals are to increase client self-sufficiency, stability and healthy living practices thereby improving readiness for successful emancipation and transition to a productive adulthood.

Drawing upon lessons learned in the development and implementation of its foster care case management contracts, a core principle of the *Striving for Excellence* project is allowing all stakeholders to have substantial and meaningful input into the planning and design phases of this project. The operating theory is that this will lead to higher quality of care, increased stability in placement, smoother and effective transition of children to less restrictive environments and successful emancipation of youth from state custody to productive independence as adult citizens. This project must also take into consideration changes in federal and state policy, most particularly changes in Medicaid resulting from the Deficit Reduction Act of 2005, and implementation of the National Youth in Transition Database (NYTD), and the Fostering Connections and Increasing Adoptions Act of 2008 (P.L. 110-351) all of which will have significant impact on this project.

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

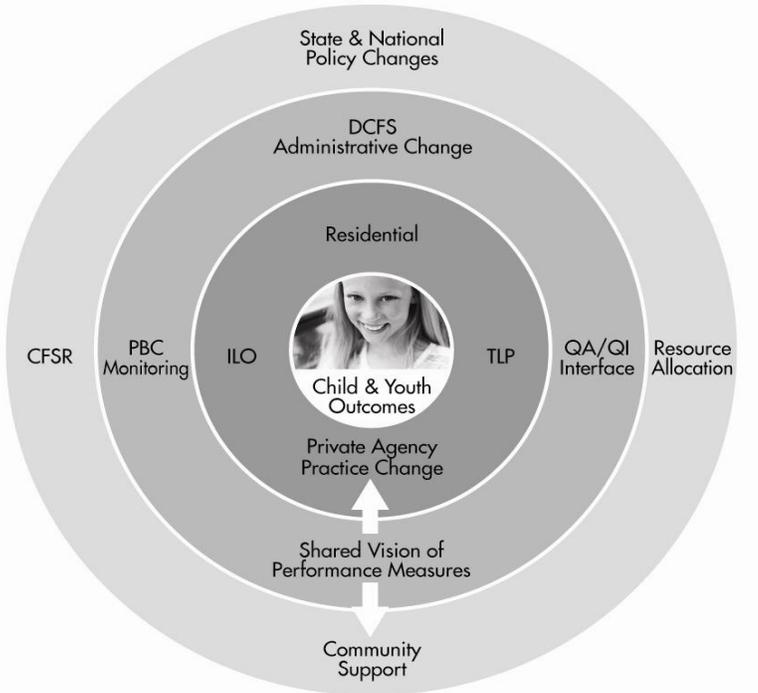


Figure 1: Illinois Theory of Change Model

The project logic model has been revised to incorporate the latest thinking of the Project Steering Committee. See **Exhibit 1**, *Striving for Excellence* Illinois Project Logic Model as revised September 30, 2009.

During the prior reporting cycle 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 President Bush and is now 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. The licensing of relative homes (known as “HMR” in Illinois) is deemed critical for budgetary purposes as described in more detail in Section II.A.3. below.

Legislative 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. During this reporting cycle, legislation sponsored and supported by the Child Care Association of Illinois pertaining to performance based contracting in residential care was passed by the General Assembly and signed into law by Governor Pat Quinn. For a more detailed description of this legislation see section II.A.4. below.

In earlier project reporting periods the lack of financial resources to support project implementation had not been an issue. This changed during the prior reporting cycle where substantial budget reductions by the State of Illinois impacted the entire system of care. During this reporting cycle, budgetary constraints threatened to derail this project in its entirety. Potential cuts to the Department of Children and Family Services budget were imminent until forestalled by federal court action in the case of *B.H. et al v. McEwen*. Recent rulings by the United States Supreme Court regarding the length of institutional reform cases could impact the safety net provided by *BH* in the future. Further discussion is presented below in Section II.A.3.

The *Striving for Excellence* Project during its first two and one half years of operation completed the following tasks:

- 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 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 annual Statewide Provider Forums for child welfare system stakeholders to engage in the planning process, provide critical feedback on the proposed metrics, measures, data collection protocols, program implementation, and ultimately share best practices with one another;
- Implemented a demonstration contract for residential providers effective October 1, 2007 wherein all providers were held harmless under this contract until July 1, 2008 while performance data was collected and analyzed;
- Incorporated lessons learned and feedback received during the demonstration contract period into fully performance based contracts effective July 1, 2008 and 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;
- Established data collection protocols and reporting mechanisms to support the implementation of ILO/TLP performance measures developed and incorporated into the FY 2010 contracts; and
- Provided for the on-going documentation of the processes used and evaluation of the project with findings disseminated to the Steering Committee, DCFS and all interested child welfare system stakeholders for their use in system improvement throughout the life of the project.

The essential project format used during the first two years remains intact in the third year of implementation, 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.

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.

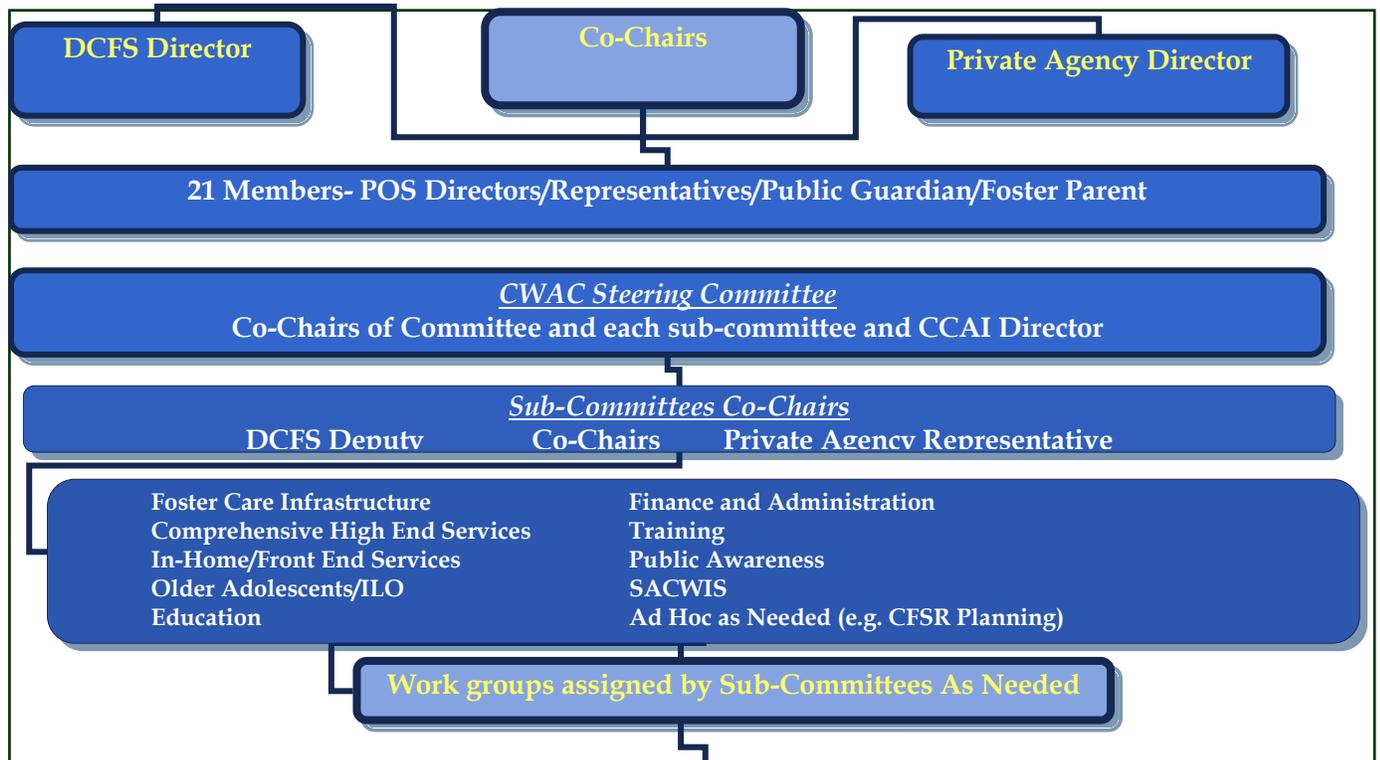


Figure 2: Illinois Child Welfare Advisory Committee (CWAC) Structure

This project utilizes the existing CWAC structure, set forth in **Figure 2** above, to develop, implement and monitor this project’s proposed outcome measures, fiscal incentives, and risk adjustment strategies. The *Striving for Excellence* Illinois Project Steering Committee was established to provide overall project guidance and direction. It continues to be co-chaired by Illinois DCFS Executive Deputy Director Denice Murray and Margaret Vimont, Chief Operating Officer of Jewish Family Services.

Figure 3 below depicts the organizational structure of this project.

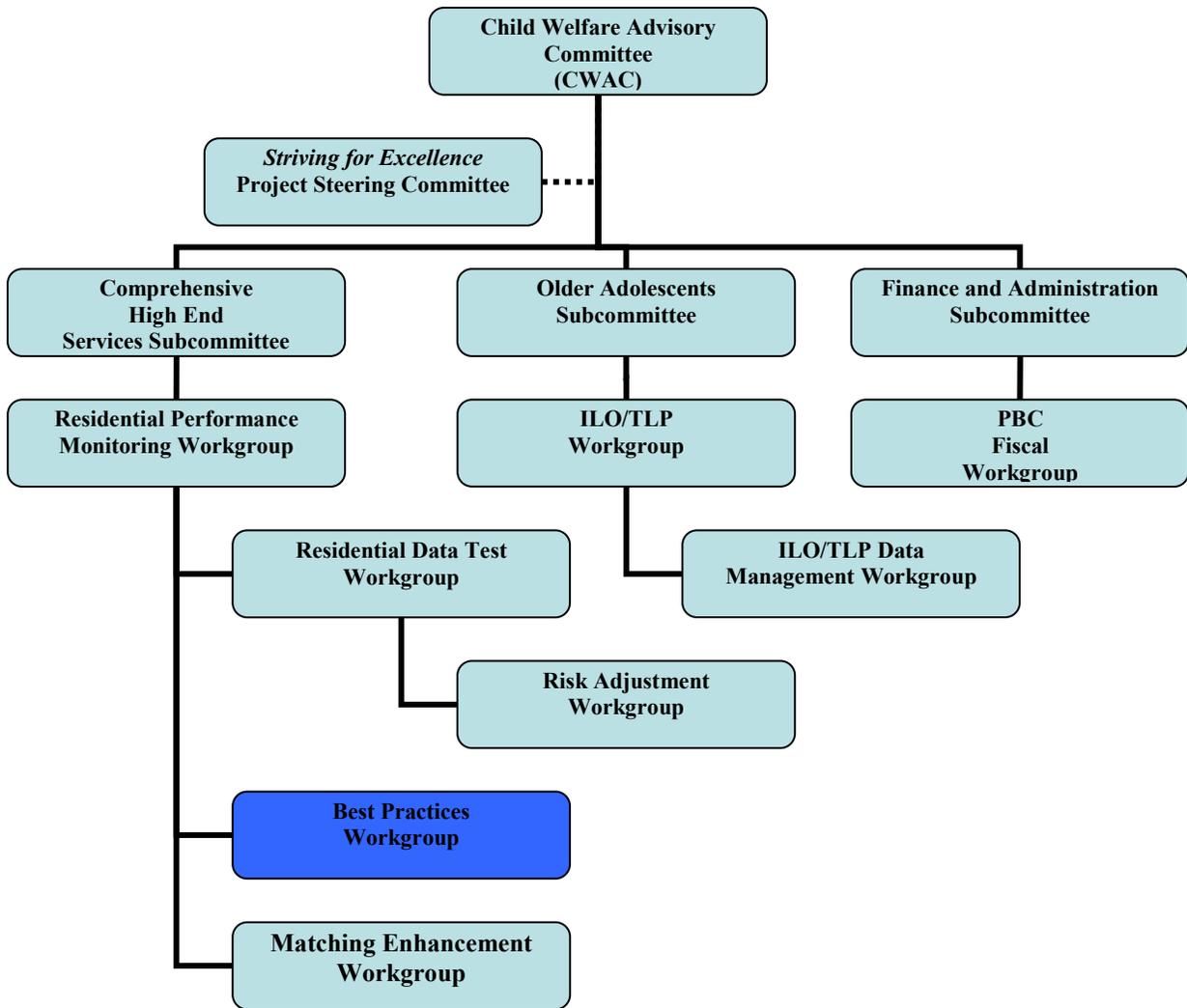


Figure 3: Illinois *Striving for Excellence* Project Organizational Chart October 2009

Three standing CWAC Subcommittees are currently working 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, of 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, has been 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 throughout the life of this project, the primary workgroup monitoring the data collection and analysis of the residential performance indicators developed for this initiative. It is co-chaired by Dr. Alan Morris of the University of Illinois at Chicago and Brice Bloom-Ellis, DCFS Quality Assurance Director for Residential Treatment. 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. During this reporting cycle, the Data Test Workgroup established a Risk Adjustment workgroup comprised of Dr. Neil Jordan, Dr. Andy Zinn, Dr. Alan Morris and Brice Bloom-Ellis to further refine their prior work on risk adjustment. The work of this group is reviewed by the full Data Test Workgroup.

During the prior reporting cycle, 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 a formal workgroup should be established.

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 issues related to the residential performance measures and is examining differences in practice among providers. Preliminary discussions related to tasks for this workgroup have included the formation of a technical assistance or mentoring network to encourage the sharing of information between agencies currently using the identified best practices with those who are in need of assistance. This workgroup has also been tasked with resolving issues related to minimal staffing for residential agencies.

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 set the following goals for its work: 1) To review the matching process, including how individual decisions are made; 2) review the materials used to the process; 3) standardize the referral checklist

and 4) discuss challenges and barriers to proper matching and seek solutions. At the time of submission of this report Dr. Guidi and Ms. Rowitz were seeking volunteers from the residential provider community to serve upon this ad hoc workgroup.

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. A more detailed description of their work during this reporting period is set forth below in Section II.A.

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 this reporting period separate from the Finance and Administration Subcommittee. The Finance and Administration Subcommittee is co-chaired by Mark Nufer, CFO of Lawrence Hall Youth Services and Matthew Grady, Deputy Director of Budget and Finance, DCFS. The work of this Subcommittee during the current reporting cycle was eclipsed by the dire budgetary situation in Illinois. 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. Additionally, during this reporting cycle issues arose surrounding the expected staff to client ratios in the residential treatment facilities. Further discussion of these critical issues is included in Section II.A. below.

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. All child protective investigations are handled by the Department.

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 15,618 as of July 31, 2009 (DCFS Executive Statistical Summary, July 2009). Children no longer languished in foster care and revenue saved through case reduction was reinvested in the system to improve services by reducing worker caseload size. Illinois received a Harvard Innovations in American Government Award in 2000 in recognition of its achievements (McEwen, 2006).

The Illinois model was predicated upon a switch from the per-diem administrative rate based on the number of children and days of care to an administrative rate based on caseworker-to-caseload ratios with a predetermined number of cases expected to move out of the system and an equal number of new cases expected as intake. Cases were assigned to each private agency on a rotational basis thus ensuring each agency would have an equal opportunity to receive new cases. Success was determined by each agency achieving permanency for children through reunification, adoption, or subsidized guardianship on 24% of their beginning caseload. This percentage was increased to 29% in fiscal year 2004 (Illinois CFSR Program Improvement Plan).

Foster care case management agency performance is reviewed on an annual basis. Agencies are ranked from lowest to highest in permanency-placement rates. 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 remains unclear during this reporting cycle if this staffing ratio has been achieved given other budgetary constraints described below. 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. Issues continue to arise concerning the attendance of monitors at staffings required by the Discharge and Transition Protocol. Additional information about this issue is discussed below.

II. Process Evaluation

A. Subgrantee Implementation Activities

1. What is the status of your implementation?

The *Striving for Excellence* updated project work plan (from September 1, 2009 through March 31, 2010) is attached as **Exhibit 2** to this report. The project remains on schedule as to implementation and evaluation of performance based contracting for residential programs. The project continues behind schedule for full implementation of performance based contracting for Independent and Transitional Living programs although significant progress has been 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 met monthly except for the month of June, 2009 to provide oversight and policy direction for the project. This meeting was cancelled due to the pending Illinois budget crisis. The Steering Committee is comprised of the CWAC Subcommittee and Workgroup Chairs with equal representation from both the Department of Children & Family Services and private residential, ILO and TLP providers. A list of Project Steering Committee members as of September 1, 2009 is attached as **Exhibit 3** to this report. Judge Kearney attended all Project Steering Committee meetings in person to observe, document and evaluate the processes used to implement this project.
- The Project Steering Committee closely monitored the progress of the residential performance outcomes throughout this period. They continued to address potential fiscal problems created by unused capacity and worked collaboratively to address identified causes attributed to both DCFS and private providers.
- The Residential Data Test Workgroup comprised of representatives from DCFS, private provider agencies, Northwestern University, Chapin Hall Center for Children, and the University of Illinois at Chicago further refined their risk adjustment model. They continued to work on a more in depth analysis of the causes of poorer performance, particularly among programs classified as moderate group homes. This work centered on “deconstructing” the Treatment Opportunity Days Rate performance measure, i.e. differences between absences caused by runs, detentions, or psychiatric hospitalization is ongoing.
- The ILO TLP Data Management Workgroup finalized the performance outcome measures for inclusion in the FY 2010

contracts. Benchmarks were set for agencies and incorporated into the contracts in effect July 1, 2009. A reporting format was developed for agencies to report their progress on the performance measures. This form would then be verified by the DCFS monitors during their visits to the agencies. See Section II.A. for more detailed information on the FY 2010 performance measures.

- The ILO TLP Data Management Workgroup discussed whether or not the outcomes enhancement plans required of the ILO TLPO agencies prior to the end of FY 2009 contract period and reviewed by the Department should be monitored for compliance. No decision has been made as of the writing of this report.
- The D-Net web-based computer system continues to be used to facilitate the electronic submission and transmission of records in support of the Centralized Matching Team (CMT) which controls admission to residential and ILO/TLP programs through the Child and Youth Investment Teams (CAYIT). All providers are required to use the D-Net system in order to obtain referrals for placement and treatment services. Although both providers and Department staff indicate the system is working better than the prior admission system, during this reporting cycle the providers reported being less satisfied with the matching process over all. A decision was made by the Residential Performance Monitoring Workgroup to reconvene the ad hoc working group which designed the CMT to address these issues.
- The Discharge and Transition Protocol continues to be refined and amended in response to input from both providers and the Department. The Protocol is designed to facilitate continuity of care and supportive transitions for children and youth served through institutional or group home placements. It is deemed of critical importance for improving agencies' sustained favorable discharge rates. The Discharge and Transition Protocol Advisory Council continues to monitor the use and effectiveness of the Protocol. The most recent version of the Discharge and Transition Protocol, effective February 19, 2009 is attached as **Exhibit 4** to this report. The Master Comprehensive Transition Plan which is used as a tool to implement the protocol is attached as **Exhibit 5**. Cross training involving residential staff, foster care case workers, and ILO TLP case workers on the protocol is ongoing. Some unintended consequences have been noted by TLP providers who report delays in their admissions process due to the lengthy transition process. This issue is being addressed by the DTP Statewide Advisory Council.

- The Children and Family Research Center convened the Fourth Illinois Child Welfare Data Summit on June 5, 2009 at the Erikson Institute in Chicago to examine the topic of effective early childhood and child abuse prevention programs. Although this topic is not directly related to this project, the Data Summits themselves are a direct result of initiative. Judge Kearney moderated the day long meeting of over 80 participants comprised of the Department's senior leadership team, university based child welfare researchers, representatives from Casey Family Programs, *Strengthening Families Illinois*, Healthy Families, and various child serving agencies.
- 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 2009 contracts and the development of the FY 2010 contracts. The Implementation Team, chaired by Deputy Director Kara Teeple, meets weekly on Thursday afternoons unless scheduling conflicts arise which mandate it be held on a different day. 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 prepares weekly 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. Judge Kearney attends these meetings to document the process.
- As a result of the Department's close tracking of unused capacity, it was determined that some programs would not be able to fill all of the beds the Department had originally contracted for during the period. An FY 2009 contract amendment was prepared which allowed the Department to lower its guaranteed for beds, if in consultation with the provider, it was warranted. Contract capacity was lowered for four providers. For FY2010, the contract language was incorporated into the contracts. The Department contracted for fewer beds for pregnant and parenting teens as the birthrate has dropped over the last 18 months requiring fewer beds.
- In consultation with the DCFS Internal Implementation Team, the DCFS Division of Permanency and Placement determined its bed capacity needs for FY 2010. One agency was not offered a contract for FY 2010 based upon overall concerns about performance, including the agency's performance on the FY 2009

residential performance measures. Internally, contracts were streamlined. For example, Aunt Martha's (an agency which provides group homes services) had separate contracts for each of its group homes during FY 2009. For the FY 2010 contract period, these contracts were "collapsed" into one since they were providing the same service to youth at the same level of acuity in each home.

- The Residential Treatment Outcomes System (RTOS) is now fully operational and is used by residential providers to track their performance on both the Treatment Opportunity Days Rate (TODR) performance measure and the Sustained Favorable Discharge Rate (SFDR) performance measure. This allows each agency to reconcile their internal data with that of the Department using this readily available web-based system. RTOS also now allows providers to view their Unusual Incident Reports (UIRS).
- The Department assessed fiscal penalties for the first time against residential agencies who failed to attain their Treatment Opportunity Days Rate (TODR). Penalty letters were mailed to providers in September. Providers were given the opportunity to contest the data upon which the penalties were based and to date no agency has contested the validity of the data. One agency has filed for a formal reconciliation by sending a letter requesting same. A more detailed discussion of this process is set forth in Section II.A.4. below.
- The Child Care Association of Illinois (CCAI) held the Fourth Statewide Provider Forum on May 29, 2009 at Governor's State University. The day long meeting was predominantly informational in nature, with the morning session held for residential providers and the afternoon session held for ILO and TLP providers. Updates on the status of the FY 2010 contracts were given. For the ILO TLP session, a panel presentation by four ILO/TLP providers highlighted quality assurance and improvement initiatives in these agencies as a result of the performance based contracting initiative. Both sessions included an opportunity for questions and answers.
- The Department and CCAI have scheduled a "Best Practices" Summit for October 21, 2009 at Governor's State University. Modeled on the annual Forums, this day long meeting will focus on successful strategies to engage children and youth in treatment and in activities proven to lead to improved outcomes. The morning will be devoted to residential treatment with

representatives from five agencies presenting on a provider panel. An analysis of the first year's TODR data will be discussed by Dr. Neil Jordan, Dr. Alan Morris and Brice Bloom-Ellis. A draft of their power point presentation is attached as **Exhibit 6**. In the afternoon, three TLP providers and one ILO provider will serve on a panel and discuss how they encourage older adolescents to stay in school and become gainfully employed. Dr. Amy Dworsky of Chapin Hall will present findings from her most recent longitudinal research following a large cohort of youth following emancipation from foster care. A draft of her proposed presentation is attached as **Exhibit 7**.

- Judge Kearney, in consultation with the Residential Data Test Workgroup, identified five residential agencies for in-depth implementation case studies. These agencies represent both severe and moderate programs; urban, suburban and rural locations; small, medium and large staffs; and specialty populations. Three of the agencies performed well on TODR and two performed the worst in the state. On site agency visits and document reviews began in late September and will continue through October, 2009. Additional information about the protocols used is found in Section III.

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. This was particularly true during this reporting cycle with the potential shutdown of human services threatened by the budget crisis through the months of June and July. Nevertheless, significant progress was made during this reporting cycle resulting in the execution of performance based contracts benchmarked for each residential, ILO and TLP during FY 2010.

During this reporting period, penalties were imposed for the first time on residential treatment providers who failed to meet their Treatment Opportunity Days Rate (TODR) in FY 2009. The decision was made to finally allow the performance of all agencies "to go public" and be disseminated to agency executives. This was done by e-mail on October 19, 2009 from Brice Bloom-Ellis to agency chief executive officers. Three spreadsheets were sent to each agency:

1. A report showing Treatment Opportunity Days Rate (TODR) performance results for all residential performance based contracts sorted in four different ways:
 - a. Alphabetically;
 - b. By classification level;
 - c. By specialty population; and
 - d. By population density.

Each report contains contract-specific information regarding total spells, FY09 bed days, total absent days, total present days, actual TODR, benchmark TODR and the difference between the actual and benchmark TODR. Noted at the bottom of the *alphabetical report* is the percentage of absence days (out of total bed days accrued during FY09) for all contracts, and the average actual TODR, benchmark TODR and difference between actual and benchmark TODR. Similar information is subtotaled for the other reports by the sort type (i.e., classification, specialty population, population density). This report is attached as **Exhibit 8**.

2. A report, **attached as Exhibit 9**, graphically depicting TODR trends throughout FY 2009 for each agency, including:
 - a. A chart displaying the actual TODR achieved, the FY09 benchmark TODR and deviation from the benchmark (actual TODR – benchmark TODR) for each month and the end result for the fiscal year. The bottom row of the chart lists the number of youth absent out of the total number of spells (youth served) each month; and
 - b. A graph displaying the trend line of actual TODR performance each month in relation to the TODR benchmark for each contract.
3. A report summarizing historical agency TODR performance from FY 2006 through FY 2009. This report is attached as **Exhibit 10**.

3. Implementation Barriers

Socio-political climate in Illinois and budgetary crisis seriously threatened project viability

As noted above, 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. The potential project pitfalls identified by members of the Project Steering Committee in their semi-structured interviews held in December 2008 and

January 2009 as detailed in the March 2009 Semi-Annual report proved to be insightful and predictive of potential threats. Although Director McEwen enjoys the support of Governor Pat Quinn and the Illinois General Assembly at the present time, the ever mounting fiscal deficits in Illinois (in excess of \$9 billion at the time of this report) have led to increasing political unrest and a loss of confidence in government as a whole.

During this reporting period several of the concerns identified by the Project Steering Committee in both Year 1 and Year 2 above have come to fruition due to internal and external variables beyond the control of this project. In particular:

Economic and budgetary concerns pose a substantial risk to this project

Budgetary problems were discussed in both the October, 2008 and April, 2009 Semi-Annual Reports, but the crisis encountered during the months of June and July, 2009 posed a substantial risk for complete project shut down. The repercussions of that period are still being felt, particularly in agencies which have contracts with other state agencies to provide substance abuse and mental health treatment services.

The “Doomsday Budget” and the Impact of *BH v. McEwen*

In late 2008, Governor Pat Quinn proposed an increase in personal and corporate income taxes as a means of increasing state revenue to thwart the ballooning state deficit. Although the both chambers of the General Assembly and the Governor’s Office are controlled by the same political party, the Speaker of the House and the President of the Senate refused to acquiesce to the Governor’s request. A stalemate ensued. The Governor, following the constitutional mandate to balance the budget, proposed a “doomsday” budget in the event that revenues were not found to offset the growing deficit. This budget included substantial and deep cuts to the child welfare system amounting to a fifty percent reduction in services. All university contracts, including the one for the evaluation of this project, as well as those of Northwestern, Chapin Hall, and the University of Illinois at Chicago – all critical partners in this initiative – were cut. The Department’s CAYIT Teams and Centralized Matching Team were all cut with layoffs imminent. Although residential treatment services themselves were not cut in the “doomsday” budget, all of the services which support them were. Most importantly, the Department’s case management contracts which are currently predicated on low case load ratios would be altered to double the existing case load for purchase of service agencies. This scenario had the potential to bring the entire Illinois child welfare system to a standstill.

As previously reported, DCFS' sister agency, the Department of Human Resources, which provides substance abuse and mental health services in local communities, had already experienced significant cuts to its infrastructure during the FY 2009 budget cycle. These cuts were previously identified by providers as having the potential to effect residential agency performance if foster care case managers were not able to actively pursuing post-discharge placements in the community either due to their own increased case loads or the lack of supportive treatment services in less restrictive settings. With the FY 2010 budget crisis, these cuts were made deeper. Coupled with the loss of support services, the Transitional Living and Independent Living providers have expressed concern about meeting employment outcomes when fewer jobs are available for youth given the economic downturn.

The stalemate continued throughout the month of June, 2009 resulting in a failure of the state to pass and enact a budget for FY 2010. An emergency meeting of the Child Welfare Advisory Committee was held to prepare for the implementation of cuts and layoffs in both the public and private sectors. Director McEwen held an open town hall meeting to discuss the potential impact of the cuts and to stress the importance of maintaining critical placement services for children.

The Illinois child welfare system has been under the jurisdiction of United States District Court for the Northern District of Illinois for almost two decades pursuant to a consent decree entered into in the case of *B.H. v. McEwen*, No. 88-cv-05599. The plaintiffs in this class action law suit, all children in the custody of the Illinois Department of Children and Family Services, are represented by the American Civil Liberties Association (ACLU). The ACLU sought and received an emergency hearing before Federal District Court Judge John F. Grady on June 29, 2009. Director McEwen was the sole witness during the hearing and detailed the nature of the cuts and their impact on the plaintiff class. Based on the evidence presented, the Court found "that Director McEwen is an extraordinarily credible and knowledgeable witness with an understanding of the multiple problems facing the system." Judge Grady made a specific finding of potential harm to the plaintiff class if services were reduced or eliminated. He entered written Supplemental Order to Enforce Consent Decree on June 30, 2009 which held that Director McEwen and the Department:

1. Must comply with all provisions of the *BH* Decree and not proceed with any reductions or cancellation of any programs or services (including foster parent and relative reimbursement payments, adoption subsidies, contracts for placements, comprehensive assessments to identify medical and mental health needs upon entering care, medical care,

psychiatric services, counseling services, daycare services, System of Care services, services for pregnant and parenting teens, respite services for foster parents, performance of background checks, and fingerprinting) that violate the Decree so long as the Decree remains in effect.

2. Maintain foster care caseloads at the current level.
3. Continue to provide fully adequate monitoring of service providers, and maintain current professional and University contracts, including without limitation contracts for training, assessments, Integrated Assessments, research, evaluation for demonstration projects, and the monitoring of residential treatment centers and psychiatric hospitals performed by the University of Illinois at Chicago.
4. Continue to perform all necessary clinical and social assessments for all children entering care and assure that appropriate services are available to meet the assessed needs.

(Emphasis supplied to demonstrate the services and contracts related to this project.)

The order was carefully crafted not to violate separation of powers doctrine by requiring a written notice of any potential reduction or elimination of services to the plaintiffs at least 14 days prior to implementation. Either party could petition the Court for an emergency hearing if they believed the planned changes would violate the terms of the Decree. The order is attached as **Exhibit 11**.

As a result of the entry of this order, Governor Quinn and the General Assembly held the Department of Children and Family Services harmless and did not impose the cuts set forth in the “doomsday budget” when a state budget was finally passed by the General Assembly and signed by the Governor in mid-July. The budgetary crisis, while temporarily averted, has not been resolved. Many private agencies laid off staff in anticipation of the cuts and have made a conscious decision not to rehire them. Other agencies, particularly those with limited lines of credit, have curtailed services. Agencies who serve clients referred from the Department of Human Services continue to be effected by cuts to this agency. At the present time, both the public and private sectors have adopted a “wait and see” attitude pending further legislative action on the budget slated to begin in January, 2010.

It should be noted that the viability of the *BH* consent decree may be called into question in the future by the holding of the United States Supreme Court in *Horne v. Flores*, 129 S.Ct. 2579, attached as **Exhibit 12**. Ironically, the ruling was entered the same week as that in *BH*. The Supreme Court held in *Horne v. Flores* that institutional reform cases should not be in existence in perpetuity. The majority held that Courts should adopt a flexible approach in determining if state and local governments have rectified the problems which required federal court jurisdiction to insure the constitutional rights of the aggrieved parties are protected. Additionally, the Court frowned on binding future administrations to rigid exit criteria which may have been relevant at the time of the entry of the initial Decree, but have been overcome by policy and practice changes over time.

No one can deny the significant positive and systemic changes which have occurred in the Illinois child welfare system since the entry of the *BH* consent decree. Both federal and state child welfare policy has substantially changed as well. Although no one is seeking to set aside *BH* at the present time, the *Horne* decision has been raised in several other jurisdictions where either the governmental defendants or the Court *sua sponte* has sought to set aside existing child welfare consent decrees, most notably the state of Maryland and the District of Columbia. Should an attempt be made to set aside the Illinois decree, Judge Grady may be hard pressed to justify continuing federal court jurisdiction. Should the Decree be set aside, both the public and private sectors in Illinois are concerned that the safety net the Decree provided in this time of budgetary crisis would no longer be there in the future.

Budgetary Cost Shifts

As reported in the last Semi-Annual report filed in April, 2009, the Governor's proposed FY 2010 budget included an increase in overall budgetary authority for Department of Children and Family Services predicated upon a fund shift from the use of general revenue dollars to those in the Children's Service Fund (CFS) category which is comprised of federal and other funding sources. The Department is expected to draw down federal funds, primarily from Medicaid to supplant current general revenue dollars. If the Department is not successful in accomplishing this goal, a substantial budgetary shortfall will result.

As noted in its FY 2010 Budget Briefing documents, two challenges exist to the Department's ability to successful transition from general revenue to federal funds:

- 1) *First is the continuing challenge to license home of relative (HMR) foster parents. The full impact of the Federal Deficit*

Reduction Act (DRA) signed in 2006 continues to be a primary area of revenue loss. Namely, the ability to claim administrative costs associated with children in unlicensed HMR. The Department and private sector providers are approaching this challenge with focused attention in the coming year to address barriers to licensure in order to increase the percentage of homes licensed.

- 2) *The second challenge this year involves the Medicaid expansion initiative of the Department to increase the availability of mental health services for clients while simultaneously maximizing the federal reimbursement received by the Department under the federal Medicaid program. Department contracts targeted for Medicaid expansion include: counseling, performance-based foster care, specialized foster care, adoption and case management administrative costs. The anticipated revenue increase from this work being implemented through a joint public and private sector effort is projected at \$17 million. (DCFS Budget Briefing, 2010).*

The Department continues to encounter some resistance from kinship care families who do not wish to be licensed. The Department has exerted pressure upon the private agencies which provide case management services to these families to process license applications. Although the number of homes eligible for licensure has steadily increased over the past six months, the current budgetary gap is substantial. This is particularly critical because of the expiration of the Department's kinship care waiver as of October 1, 2009. The Department has elected not to draw down funds to which it would be otherwise entitled under the P.L 110-351 Guardianship Assistance Program (GAP) at the present time because of the loss of administrative costs. They intend to seek GAP funds upon expiration of the waiver when it is anticipated a substantial number of HMR homes will be licensed and eligible for Title IV-E funding.

The Child Care Association of Illinois' Medicaid Workgroup continues to work with providers to certify them to become eligible to bill Medicaid for services rendered to children and youth. Providers report that they are not meeting billing targets and the costs to them to transition to become Medicaid compliant have been substantial. This has been particularly difficult for smaller residential agencies and group homes which do not necessarily have the requisite knowledge, technology, and tracking mechanisms to withstand a Medicaid audit. Concerns continue to be expressed by members of the Medicaid Workgroup that the original calculation of the amount of Medicaid dollars which could be drawn down from the federal government was based on false assumptions and fails to

take into consideration these operational barriers facing private providers. At the present time, these concerns appear to be valid. The Department is closely monitoring the budgetary impact of the potential shortfall.

Under capacity bed utilization in residential treatment continues to result in deficits, although these have stabilized

As previously reported in prior Semi-Annual reports, the change in the state's fiscal model for residential treatment as a result of this project brought to light inefficiencies in the way the Department pays for unused capacity. Under the previous fiscal model providers were paid a per diem rate for each youth who was placed in their program. Payments could be made to programs for youth who were absent from the program due to the runs, psychiatric hospitalization or detention pursuant to a "bed hold" policy which was in place at the time. Under the prior model it was assumed that beds would not be filled one hundred percent of the time, therefore the costs of the "empty" beds was imbedded into a more complex, and less transparent, financing scheme.

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 new model gave providers a stable revenue base which was not dependent upon client census.

Department projections on the number and type of beds needed for FY 2009 were not as accurate as anticipated. The number of beds needed for pregnant and parenting youth and sexually problematic behavior youth were lower than projected at the start of the fiscal year. The ever increasing need for placements which serve severe youth became more evident. Providers, while adhering to the no decline policy in their contracts, are also less likely to take more severe youth whose service needs are above those specified in their program plans detailing the type of children and youth they will treat. Consequently, beginning in July, 2008 when the performance based contracts in residential were in full force and effect, the costs of paying for one hundred percent of the beds in residential care while having a percentage of those beds empty at any given time became very evident. When annualized, the high cost of this unused capacity put the Department and its private providers in a politically untenable position.

The DCFS Implementation Team has been tracking the costs of unused capacity weekly. At the request of the Project Steering

Committee, Roger Thompson of the DCFS Fiscal Office compared the costs spent under the prior model (i.e. the bed hold costs when the bed was left intentionally vacant in the expectation the youth would eventually return to this placement) and the current fiscal model. Mr. Thompson has reported the cost of unused capacity became obvious as a result of the introduction of performance based contracting. He indicates the Department is paying relatively less for unused capacity now than was paid under the prior fiscal model (Thompson, 2009).

During this reporting cycle, the empty beds in residential facilities fluctuated between 48 and 58 beds for a potential annualized cost of over \$6 million dollars. The Implementation Team continues to closely monitor this phenomenon with weekly data runs prior to their weekly Thursday meetings. See **Exhibit 13** for an example of the weekly report used to track unused bed capacity. Michael C. Jones, DCFS Associate Deputy Director of Placement and Permanency, contacts agencies with high unused capacity and determines the cause. Some agencies are reporting a delay in placement as a result of the implementation of the Discharge and Transition Protocol.

Concerns over potential changes in senior DCFS leadership remain, but have abated

As previously reported in prior submissions, Director McEwen is perceived by all members of the Steering Committee, and the greater Illinois child welfare system as a whole, as a champion for children and families. His leadership was particularly crucial during the budgetary crisis mid-summer. His credibility as an expert in child welfare was cited by Judge Grady as a critical factor in the *BH* ruling of June 30, 2009. Although it appears less likely that any changes in senior leadership will be made during the course of this reporting cycle, concerns remain that potential budgetary shortfalls by failing to attain fiscal targets set for both HMR licensure and Medicaid conversion – which were guaranteed by Director McEwen in writing to the Office of Management and Budget – may impact his tenure. The Director, like most child welfare directors in this country, serves at the pleasure of the Governor and could be removed at any time. Half of the Steering Committee members cited the potential loss of his leadership as a potential pitfall which could derail this project during their last semi-structured interviews held last year.

The Senior DCFS Management Team has stabilized during this reporting cycle, although Chief of Staff Robin Staggers resigned during this period and her position remains unfilled. Two Deputy Director positions, Support Services and Planning/Performance Management remain open. Additionally, Michele Rosenberg who is the Director of the Office of Research Partnerships, which is housed at the Department by the

Children and Family Research Center to facilitate implementation efforts and coordinate research activities between the Department and its university based partners, has resigned effective November 1, 2009. It is unclear at the present time whether this position will be eliminated or maintained. The DCFS organizational chart is attached as **Exhibit 14**.

Concerns about the effectiveness of the Project Steering Committee and the loss of momentum and focus over time remain

As reported previously, the strains experienced by the Illinois child welfare system as a result of current economic and budgetary constraints continue to impact attendance at Project Steering Committee meetings by Director McEwen and Executive Deputy Director Murray. Their attendance is deemed critical by the private providers who have repeatedly expressed their concerns that senior DCFS representatives present for Steering Committee meetings do not have the authority to speak on behalf of the Director. Although both Director McEwen and Executive Deputy Director Murray have made attempts to attend the meetings telephonically, this is not always feasible given their heavy schedules and unanticipated schedule changes due to gubernatorial or legislative demands.

Despite its prior recognition of the need to refocus its energy and recommit to providing the leadership necessary to successfully implement a reform effort of this size and scope the potential loss of momentum due to lack of leadership is a factor which must be noted once again during this reporting cycle. Attendance at Steering Committee meetings continues to wane, including limited appearances by private providers during the National QIC PCW site visit in September, 2009. This may be attributed to a noticeable shift in project emphasis from early implementation to sustaining project gains and refining project goals over time. Nevertheless, substantial challenges remain, particularly in ILO and TLP, which warrant the full attention of the Project Steering Committee during the final year of the project.

The lack of formal meeting minutes and follow-up became evident during recent discussions about the effect of the FY 2009 contract amendment which allowed the Department to reduce the contract capacity of a residential program if unused capacity issues arose. A Project Steering Committee member questioned whether this issue was ever debated and decided by the Steering Committee because she believes the unilateral decision by the Department to reduce contracted capacity is a violation of “the spirit of performance based contracting” and is a critical policy decision to be made by the Steering Committee. Other Steering Committee members believed that this issue was raised and the contract language approved by the Steering Committee. Without formal published minutes, resolution of this issue is not possible. The issue has been placed

on the November, 2009 meeting agenda for further discussion and clarification.

Definitional Issues in ILO TLP

As previously reported in prior Semi-Annual reports, the Residential Data Test Workgroup identified significant data issues when developing its risk adjustment strategy. It was necessary to refine contractual definitions and synchronize them with the codes in the CYCIS database. Although much work has been done over the past year to clarify and refine definitions in residential care and to ensure proper coding of these definitions in the databases used for this project, significant work remains to clean up ILO TLP data before undertaking a task as complex as risk adjustment.

Confusion still exists over the reporting of “absences without leave” and “approved visits” in ILO TLP. Even providers who have been active participants in the ILO TLP Data Management Workgroup during the past six months continue to report variance in their own reporting of absences from their programs. Some providers strictly adhere to rule and report missing youth as soon as they become aware of the absence. Others delay their reporting for days because they assume the youth may be with family or friends. Still others have informal internal practices which permit youth to be absent from the program for various reasons and they will not report the youth’s absence unless it is believed some harm may have come to the youth. The variance in practice is widespread which has made it difficult to rely upon the “906” data to establish a measure of placement stability and undermines confidence in the data used to determine performance.

Clarification of the existing 906 reporting policy for ILO TLP providers is expected to occur during the Best Practices Summit scheduled for October 21, 2009. This issue was raised during the May 29, Best Practices Forum and resulted in a memorandum being issued by Deputy Director Miller Anderson to all providers on September 21, 2009. The memo is attached as **Exhibit 15**. A formal policy which clarifies the definitions of “absences without leave” from “approved visits” remains to be written and approved. Although the FY 2010 contracts contain specific language and clear consequences for failure to report absences, until the policy which defines an “absence without leave” is in place and all parties to the contract exercise fidelity to it, data integrity in ILO TLO programs remains in question.

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

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. There are several major reform and innovation efforts currently underway in Illinois under his direction. These include the aforementioned fiscal reform efforts to take advantage of federal funding through converting agencies to Medicaid billing providers and licensing relative placements to draw down Title IV-E funds.

Overarching efforts to make the Department and its providers more family-focused and strengths-based in their approach continue throughout all of the Department's divisions. Significant front-end system reform is being implemented. Legislation passed during this session which permitted the Department to institute a "differential response" pathway in Illinois. The Director plans in implementing this effort in early 2010. At the same time, the General Assembly passed legislation which allows a court to restore parental rights for older adolescents after a termination if it is safe to do and in the best interests of the child. The Director sees this as a critical support for older wards who wish to return to their biological families and for whom adoption by others is not a viable option. As with all reform efforts, there is resistance within both the public and private sectors responsible for implementing these more family focused innovations. Although this project is now fully implemented, and does not need the daily attention of the Director and his senior leadership as it once did, Director McEwen's leadership and that of his senior staff is a critical factor leading to this project's success.

Preliminary findings from the agency assessments being conducted by Judge Kearney at the time of the writing of this report indicate that the impact of multiple reform efforts have 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 is 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 not fully understood by the Project Steering Committee and DCFS leadership.

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 dire budgetary constraints

Although the budgetary and fiscal crisis of June and July, 2009 had a significant negative impact on the system as a whole, both public and

private agency leaders report that the crisis gave them an opportunity to develop a joint advocacy agenda on behalf of children and families. The private agencies were asked by Director McEwen to “take a leap of faith and jump off the cliff with him” and to keep on doing business when faced with the potential of lost revenue and at a minimum a delay in payment for many months. Many agencies had exhausted lines of credit and faced the very real possibility that they might close. Many others laid off staff during this period in anticipation of further shortfalls. The universities who support this initiative, most particularly Northwestern University, the University of Illinois at Chicago and the Children and Family Research Center of the University of Illinois, were asked to continue to operate when it was likely their contracts would be terminated by the General Assembly’s lack of appropriation. Acting as one, all child welfare stakeholders united behind the leadership of Director McEwen resulting in a unified voice in both the federal court proceedings under the *BH* consent decree and in the court of public opinion.

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

The level of sophistication in data analysis in Illinois is extraordinarily high. As reflected in the documents released to residential agencies at the completion of the fiscal year on their TODR performance, attached as Exhibits 8, 9 and 10, the ability of the Department to provide ready access to providers to their performance data and to prepare reports which help providers to better manage their programs is the norm in Illinois. This ability, 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 is the culture in Illinois to continuously strive for excellence to better understand the driving factors which lead to better outcomes for children and youth. As informative and detailed as the current data is in residential care, the project is planning its next steps. In residential care, the Residential Data Test Workgroup plans to look more closely at the following during the upcoming reporting cycle:

- Revisit the prior event “dosage”, i.e. reexamine the frequency, duration and timing of events such as runs, detentions and psychiatric hospitalizations to determine if there should be a readjustment of the risk adjustment model accordingly. When this was first examined in 2007 there was no statistically significant variance, but this may have changed with the population and should be reexamined.

- Determining whether or not the child’s specific prior placement (i.e. a residential treatment center or a community based less

restrictive setting) has a bearing on subsequent outcomes. This may be contributing to the relatively poorer performance by moderate group homes on TODR who receive both step downs from residential treatment centers and step-ups from foster care settings.

- Determining if other variables should be included in the risk adjustment model, i.e. post adoption disruptions, conduct disorder, and substance abuse.
- Examining the interaction between certain risk factors which may multiply the effect of one or the other.
- Looking at how they can use a more current case mix for setting performance benchmarks. The current FY 2010 benchmarks are based upon calendar year 2006, calendar year 2007 and the first six months of 2008. Since all providers are reporting that the population has changed significantly over the past two years, the challenge is to get the data as current as possible, yet having a statistically reliable sample upon which to build the model.

The Residential Data Test Workgroup (DTWG) continues in its efforts to refine the risk adjustment model. The DTWG had hoped to add the clinical variables from CANS into the risk adjustment model for the FY 2010 contacts, but this work could not be completed to the satisfaction of the members of the DTWG in time for inclusion during this fiscal year. Work continues on the addition of the CANS elements for FY 2011. The factor pertaining to the location of the agency was further refined based upon population density data from the 2000 census. This improved the model. It is the intent of the DTWG to use the FY 2010 census when available to further refine the model. Other variables are surfacing during the course of Judge Kearney's implementation studies which are ongoing as of the writing of this report. Two of the five agencies being assessed have reported an unusually high percentage of youth in their moderate group homes that were placed there following disrupted adoptions. Judge Kearney has discussed these preliminary findings with the Data Test Workgroup and they are exploring their ability to obtain the necessary data to conduct the statistical analysis to review the feasibility of adding this variable to the risk adjustment model.

Trust in the validity of the residential performance data remains high.

The data upon which the residential performance outcomes are based is well established. Fidelity checks have been conducted on the

906 reports and both the public and private sector have confidence in the reliability of the underlying data. With the full deployment of RTOS, providers have the capacity to reconcile their internal data on both Treatment Opportunity Days Rate and Sustained Favorable Discharge Rate at the client level. The transparency of the data and the ready availability of Brice Bloom-Ellis to provide technical assistance to providers on interpreting the data has increased the trust and confidence overall. Only two agencies have requested a formal reconciliation process at the end of the fiscal year. Neither agency seeking reconciliation has questioned the validity of the data itself, but is requesting reconsideration of the imposition of the penalty based upon individual characteristics of the clients which they believe caused prolonged absences.

Continued active participation by both the public and private sectors in the workgroups responsible for project implementation in spite of economic hardships

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. During this reporting cycle, the fiscal constraints placed on both the public and private agencies impacted their ability to meet during the months of June and July. The QIC PCW site visit scheduled for mid-June was cancelled at the request of CCAI and DCFS and rescheduled for September. The Data Test Workgroup continued to meet during this period although meetings were held by teleconference. Once the budget “crisis” passed in late July meetings resumed at their regular pace. Project stakeholders remain committed to facilitating the collaborative process and donating the necessary time to review project implementation and overcome barriers encountered.

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.

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 team is chaired by Deputy Director Kara Teeple and is comprised of senior DCFS representatives from each division impacted by this project, including: Budget and Fiscal (including contracts, budget, and Medicaid specialists), Policy, Operations, Placement and Permanency, Monitoring, and Quality Assurance. Communications and Legal are included on an “as needed” basis. The Implementation Team meets every Thursday for at least one hour. The fiscal staff, located in Springfield, Illinois and Judge Kearney attend the meeting telephonically. A formal agenda is disseminated via e-mail prior to the meeting.

The coordination of efforts between both the fiscal staff and the programmatic staff remains an important factor in the successful implementation of the project. During this reporting period the Implementation Team reviewed and finalized contract capacity for FY 2010, determined and finalized the penalties to be assessed for failure to attain the FY 2009 performance benchmarks for TODR, and decided the payment options. Unused capacity in residential care was closely tracked. The weekly 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.

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.

Despite substantial budget cuts to university research efforts during FY 2009, 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 and continue to refine the residential risk adjustment model. Dr. Zinn along with Dr. Morris and Deann Muehlbauer of UIC are also serving as members of the new ILO TLP Data Management Workgroup. Dr. Zinn’s work remains critical in helping this group more clearly define the performance outcomes to be included in the FY 2010 contracts.

The budget crisis has an impact on all of the university partners during this reporting period as all of these contracts were specifically targeted for cancellation because they did not provide direct services to children. The court in *BH* found that evaluation and research services provided by the universities was a critical need of the Illinois child welfare system and prevented the cancellation of these contracts in its order. Because the order was entered on the very last day of the FY 2009 fiscal year, the universities had laid off staff and prepared to shut down operations. The evaluation of this project was impacted, but through the intervention and support of the National QIC PCW a contingency plan was put in place which would allow the evaluation to continue.

During this reporting period, a fourth Illinois Child Welfare Data Summit was sponsored by the Department. This Summit focused on the needs of children in the child welfare system under the age of five. Although not directly related to the older adolescent population which is the target of this project, these meetings were the direct result of the QIC PCW process.

Dr. Neil Jordan and a research team comprised of Dr. Jordan of Northwestern University, Dr. Scott Leon of Loyola University of Chicago, Dr. Richard Epstein of Vanderbilt University, and Dr. Christopher Larrison and Judge Kathleen A. Kearney of the University of Illinois at Urbana-Champaign, applied for an R01 grant through the National Institute of Mental Health in May, 2009. The proposed study's purpose was to identify the organizational culture and climate characteristics of residential treatment providers associated with successful client outcomes. By identifying and isolating organizational characteristics associated with successful child outcomes, it is anticipated that organizational interventions can and will be developed, tested and implemented to help all residential providers improve their practice. If funded, this research will add to the knowledge gained from the *Striving for Excellence* project.

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 four previous Statewide Provider Forums hosted by CCAI proved to be very valuable opportunities for face-to-face communication between attendees and project leaders. The Best Practices Summit is scheduled for October 21, 2009 at Governor's State University. It will again be hosted by CCAI. Unlike the prior "informational" Forums,

the Best Practice Summit will highlight successful strategies employed by residential, ILO and TLP agencies 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. This has been important during this reporting period because several providers have dropped out of CCAI due to fiscal constraints. The residential list serve allowed agencies to seek input from one another on the impact of PBC/QA and related reforms.

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.

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 success 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 scheduled for October 21, 2009 reflects 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 culture in Illinois is one of collaboration. Now that the performance data is readily available to all providers, the Project Steering Committee are discussing opportunities for private agencies to network informally to allow for mentoring and technical assistance between those agencies that perform well with the lower performing agencies. There will be one more Statewide Provider Forum in the spring of 2010 funded by this project which will be devoted to best practices.

The informal Residential Providers Group monthly meeting at the Babyfold is also used as a means to disseminate information about “what is working and what is not” to help improve practice. Providers willingly share techniques with one another to engage youth which make them less likely to run or engage in delinquent acts likely to cause them to be detained.

Discharge and Transition Protocol fosters better communication between providers according to child welfare system stakeholders

The revised Discharge and Transition Protocol (DTP) is having the intended effect of fostering better communication and defining expectations and roles according to child welfare stakeholders. Although the system is still experiencing “growing pains” as a result of the deployment of the Protocol, it has been reported that it has increased networking between agencies. The statewide Discharge and Transition Protocol Advisory Council meets monthly to oversee this process and continuously update the protocol based upon feedback received. The Advisory Council is chaired by Deann Muehlbauer of UIC and like all groups involved in this project is comprised of both public and private sector members. The most recent version of the Discharge and Transition Protocol is attached to this report as **Exhibit 4**. The master plan template which is the tool used to operationalize the Discharge and Transition Protocol is attached as **Exhibit 5**.

Deann Muehlbauer of UIC updated the Project Steering Committee and the National QIC PCW evaluation team about the successes and challenges following the first year of implementation. Her power point presentation is attached as **Exhibit 16**. Judge Kearney’s agency implementation case studies currently being conducted in the field include focus group questions at all levels (administrators, supervisors and frontline agency staff members) pertaining to the DTP. Findings related to this will be included in the next semi-annual report.

The ability to solve problems collaboratively and rapidly deploy systemic changes to enhance project implementation The flexibility to revise programs as warranted and solve problems collaboratively

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 this 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. As of the date of submission of this report the workgroup members were reconvening with additional new members to work on this issue. The system's ability to flexibly react to barriers encountered is consistent with a culture of continuous program improvement which has been created in the Illinois child welfare system.

5. Coordination/Collaboration

Project Partners and Entities

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

The existing Child Welfare Advisory Committee (CWAC) structure, as set forth above in Section I.A., which is equally comprised of members from both the public and private sectors, continues to be the vehicle used to implement and refine this project. The Project Steering Committee is responsible for coordination of Subcommittee and Workgroup meetings. As reported by Judge Kearney following her structured interviews of the Project Steering Committee members in December 2008 and January 2009 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 designed for the new differential response 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 continues to provide leadership for this project. Chief Executive Office Marge Berglind was called upon to lead advocacy efforts during this reporting period to create unified advocacy efforts to educate both members of the General Assembly and the public on the impact of the proposed budgetary cuts. The Department pursued an aggressive legislative agenda during the spring and early summer of 2009. CCAI's partnership was critical to their successful passage. CCAI continues to update its members through the use of a computerized electronic mail system, the dissemination of a weekly report detailing issues of concern to

child welfare professionals, and facilitating meetings for stakeholders in the child welfare system. This function was very beneficial during this reporting cycle given the budget crisis and the need to keep members informed of daily updates. CCAI was also impacted by the budget crisis. Several agencies made the hard decision to withdraw from CCAI because of their inability to pay membership dues. This in turn, impacts CCAI's ability to provide services to those members which remain. Nevertheless, CCAI remains a committed partner to this initiative.

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.

This has been particularly true during this reporting period where the ILO TLO performance measures were incorporated into the FY 2010 contracts. To ensure that all agencies, no matter how small had the opportunity to fully understand the measures and how they will be measured, Brice Bloom-Ellis attended meetings in each of the five DCFS regions to meet with providers at the local level. The providers report this was extremely helpful to them.

Teleconference numbers have been provided for most 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. 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.

A concern noted in the last Semi-Annual Report has born fruit in that several agencies have pulled out of the Child Care Association of Illinois for membership due to budgetary constraints. CCAI activities and services are paid for through membership dues. If providers can no longer afford to pay dues it could further impact CCAI’s ability to provide the services which have enhanced the collaborative efforts of this project.

The Project Steering Committee semi-structured interviews for 2008-2009 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. **Table 1** below lists comments cited by the Project Steering Committee pertaining to the collaborative process used for this project. Only those comments made by more than two members are listed in this table for both Year 1 and Year 2. The number in parentheses following the comment indicates the total number of Project Steering Committee members citing it.

2007-2008 (Year 1)	2008-2009 (Year 2)
<ul style="list-style-type: none"> ▪ The process was highly collaborative (6) ▪ The right people were at the table to do this work (6) ▪ Stakeholders are missing from the table including (3): <ul style="list-style-type: none"> • DHS • County probation • Schools • Courts • Community mental health agencies • Smaller agencies • Downstate providers ▪ A high level of trust already existed and this project took advantage of it (2) ▪ The use of the existing Residential Monitoring and Data Test Workgroups 	<ul style="list-style-type: none"> ▪ The collaborative process is positive overall (18) ▪ Increase diversity on CWAC, its subcommittees and workgroups to ensure adequate voice is given to (6): <ul style="list-style-type: none"> • Minority owned agencies • Geographically diverse agencies, especially downstate providers • Smaller agencies • Youth and consumers • Faith based providers • Other child serving entities such as the schools, county probation and community mental health providers ▪ Collaboration between the public and private sectors is part of our culture and

<p>was very helpful (2)</p> <ul style="list-style-type: none"> ▪ There needs to be a more defined communication strategy beyond the existing CWAC structure (2) 	<p>expected (5)</p> <ul style="list-style-type: none"> ▪ We have a proven track record of working well together to implement reform (4) ▪ The existing CWAC structure provides a forum of open dialogue and honest discussion (4) ▪ The CWAC structure creates a learning environment (2) ▪ Private agencies do not all speak with one voice and their different voices must be heard and considered (2)
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Table 1: Comments of the *Striving for Excellence* Project Steering Committee pertaining to collaborative process

During this reporting cycle, no additional members were added to the Project Steering Committee or the CWAC subcommittees and workgroups responsible for the implementation and management of this project. Although members of the Project Steering Committee identified the need to increase diversity, no action has been taken to do so. The co-chairs of the new Centralized Matching Workgroup sent out a request for volunteers on the residential provider list serve and received numerous replies from agencies willing to participate; so much so that they have decided to pare down the group to a workable number while attempting to ensure geographic, size and acuity level diversity.

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 two hours in duration, with whole or half day sessions held by several workgroups as project development needs required. The DCFS Internal Project Implementation Team calls usually last for one hour every Thursday.

During the course of the past eighteen months this project has been operating on two separate tracks: residential and ILO/TLP. Therefore, the primary focus of these meetings during this reporting period 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 ILO TLP related meetings, work focused on increasing the reliability and fidelity of data upon which performance outcomes could be built, clarifying definitional terms, finalizing performance outcomes and indicators for the FY 2010 contracts and developing a reporting mechanism to obtain reliable data.

Residential Programs

The performance measures for residential care previously described in detail in the second Semi-Annual Report and used for the demonstration contract period from November, 2007 to June 30, 2008 remained the same for the FY 2009 contracts. Performance benchmarks, readjusted using the updated risk adjustment model as described above, were amended for each agency for the FY 2010 contracts.

Data from the Department's CYCIS database is used to determine both the Sustained Favorable Discharge Rate and Treatment Opportunity Days Rate. Client discharges from residential facilities are reported monthly to the Residential Monitoring Unit of DCFS. The Residential Treatment Outcomes System (RTOS) provides monthly updates on both TODR and SFDR outcome measures. Agencies have the ability to reconcile their own internal data which that of the Department at the individual client level. Reports on agency performance on both TODR and SFDR have been available throughout this reporting period. Due to the conversion of several contracts from multiple contracts representing individual units or programs within the agency to one contract delays have been experienced during the month of September due to recoding in RTOS. Mr. Bloom-Ellis reports that these coding issues will be resolved as of December 1, 2009 and the FY 2010 performance data on RTOS will be once again available.

During this reporting cycle, the Residential Data Test Workgroup developed a reconciliation process to address inconsistencies between the Department's RTOS data and information collected by residential providers that may impact TODR or SFDR and to take into consideration other factors impacting provider performance, such as youth who should be considered performance exempt. At the time of submission of this report, there has been one formal written request for reconciliation. The time period in which an agency must request reconciliation for TODR has not yet expired and at least one other agency is expected to request reconciliation. The Data Test Workgroup will serve as the reconciliation panel and make a recommendation to the Department as to a recommended course of action. The decision as to whether or not to accept the recommendation is within the sole discretion of the Department.

Fiscal penalties were imposed for the first time upon agencies who failed to attain their Treatment Opportunity Days Rate. Agencies were notified by letter of the potential penalty, how the penalty was calculated and the data upon which

the Department relied in determining it, and the process by which they could request reconciliation. One agency has formally requested reconciliation and two others are contemplating it at the time of submission of this report. The penalties will be paid through a reduction in current FY 2010 monthly payments on a pro-rated basis until paid in full. This will allow the Department to retain funds for use in the child welfare system. If agencies wrote a check to the Department to cover the penalty the funds would be sent to the General Fund and subject to appropriation for other non-child welfare related purposes in Illinois state government.

Fiscal bonuses for exceeding Sustained Favorable Discharge Rate will be determined by late March, 2010. A report detailing the penalties imposed upon and bonuses rewarded to residential agencies will be included in the next Semi-Annual report.

Independent and Transitional Living Programs

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

Like youth in residential treatment facilities, placement stability has been monitored by the Department using the CYCIS database to determine if youth in the ILO/TLP programs are remaining in care and maximizing treatment opportunity days, or absent from care due to running away, detention or psychiatric hospitalization. ILO TLP agencies, like residential agencies, are required to file a "906" report if a youth is absent from the facility. As discussed above, confusion still remains as to when a 906 must be reported, especially when a program may know where a youth is located but may not have expressly "allowed" for the visit.

For youth in the Independent Living Program and the highest tier of Transitional Living, current performance indicators for placement stability include having no more than two moves in a twelve month period. Youth in these programs are expected to have a lease and utilities in their own name six months prior to emancipation. A planned positive discharge to Independent Living or the Youth in College programs is the preferred outcome for TLP program youth. Successful emancipation in a planned and positive manner is the discharge

outcome for ILO. To encourage engagement in healthy living practices, all youth in ILO and TLP programs are expected to remain arrest and detention free. Pregnant and parenting teens are expected to appropriately care for their children. Youth with substance abuse or mental health issues, are expected to engage in treatment services.

The data reporting on these current measures has been sporadic. As previously noted the documentation and measurement of these indicators varies widely from provider to provider and is subject to interpretation. It is recognized a substantial amount of time must be devoted to educating providers and DCFS monitoring staff to consistently apply definitions and increase fidelity of reporting to improve the data over time. Although it was anticipated that there would be substantial progress during this reporting period towards policy clarification, this did not occur.

During this reporting period the Department reviewed the “outcomes enhancement plans” required by contract amendment for the FY 2009 contracts. Agencies were required to submit their specific plans to Deputy Director Miller Anderson no later than June 1, 2009 for his review and approval prior to the negotiation and execution of the FY 2010 contract. A template plan was prepared for the agencies and technical assistance was provided if requested. While the DCFS Monitoring Division reviewed the plans submitted, no plan was in place to target those plans which did not meet the expected standards. No consequences were contemplated or implemented. The monitors have not been reviewing the status of the individual agencies adherence to or modification of their plans. There was no formal report required of each agency regarding the status or the outcome of their plans.

The most significant accomplishment during this period was the finalization of the performance measures, adjusted for risk, and their inclusion in the FY 2010 ILO TLP contracts. The outcome measures are set forth below:

For Transitional Living Programs Only

Transitional Living Placement Stability Rate (TLPSR) defined as the number of days youth are present at the program (i.e. not on runaway, in detention or psychiatrically hospitalized) divided by the total number of TLP bed days during the fiscal year. Agencies are to establish goals to improve their TLPSR, set quantitative objectives and describe the mechanisms they have in place for measuring progress on those objectives in their outcome enhancement plan.

For Independent Living and Transitional Living Programs

Discharge Potential Rate with Indicators of Self-Sufficiency (DPR/ISS) defined as the number of youth “discharged with potential”

divided by the total number of youth served during the fiscal year. “Indicators of self-sufficiency” refers to youth achievement of educational/vocational, employment and financial stability goals. The discharge outcomes from TLP and ILO placements that are identified as “discharges with potential” are defined as follows:

TLP:

- a) discharge to a less restrictive formal living arrangement at any age, including:
 - i. supervised ILO
 - ii. home of relative/parent
 - iii. youth in college or job training programs
 - iv. armed services
- b) discharge to a self-selected ILO which leads to emancipation/discharge of guardianship at or subsequent to age 20.5 years

ILO:

- a) discharge to a less restrictive formal living arrangement at any age, including:
 - i. home of relative/parent
 - ii. youth in college or job training programs
 - iii. armed services
- b) discharge to a self-selected ILO which leads to emancipation/discharge of guardianship at or subsequent to age 20.5 years

Unlike residential performance based contracts, there is no penalty imposed for failure to attain Transitional Living Placement Stability Rate. This may be in part due to the lack of confidence in the underlying data given the confusion about the reporting of absences from the program. This may change when confidence in reporting fidelity increases over time.

The Discharge Potential Rate with Indicators of Self-Sufficiency (DPR/ISS) was developed by the ILO TLP Data Management Workgroup after lengthy discussions where they recognized “that the data available to identify positive or negative discharges from ILO/TLP settings is less than perfect (Bloom-Ellis, 2009).” Similar to the Sustained Favorable Discharge Rate in residential treatment, this outcome measure tracks the placement of youth (referred to colloquially in ILO/TLP as a “launch”) post-discharge. The contract identifies “indicators of self-sufficiency” which award bonus points to agencies for each youth that achieves specific self-sufficiency milestones during the fiscal year. These milestones include educational achievement such as attaining a high school diploma or GED, documented full or part time employment, and documented financial stability.

During this reporting period, a reporting process and tools were developed for ILO TLP. Agencies will file a quarterly Discharge Potential Report with their DCFS Monitors reporting the discharge date and the status of the discharge (e.g. discharged to an ILO, discharged to Youth in College, discharged due to detention). They will classify whether or not the youth is discharged with potential (i.e. akin to a “positive” discharge in residential) or not.

Agencies will also file an Indicators of Self-Sufficiency Self-Report where they will report the attainment of an educational diploma or certificate, educational progress, employment, and monthly funds and savings available at the time of discharge. The indicators and the proof required are set forth in **Table 2** below:

<i>Educational Diploma or Certification</i>	
<ul style="list-style-type: none"> ▪ College ▪ GED ▪ High School ▪ Job Corps ▪ Vocational Training ▪ Other (Specified) 	Diploma or certificate of completion from educational or vocational program approved by the State of Illinois
<i>Educational Progress</i>	
<ul style="list-style-type: none"> ▪ Adult Basic Education ▪ Post Secondary Education ▪ Secondary, if 19+ years of age 	Adult basic education, post-secondary or secondary if youth is 19+ as demonstrated by report card or progress report from the youth’s school indicating the youth completed at least one full semester
<i>Employment</i>	
<ul style="list-style-type: none"> ▪ # of weeks in 4 weeks prior to discharge ▪ # of weeks in 4 weeks prior to discharge 	Copy of check or check stub indicating the number of hours worked and gross pay for each week of employment; or copy of W2 with at least one check stub indicating the average number of hours worked per week and gross pay.
<i>Monthly Funds</i>	
<ul style="list-style-type: none"> ▪ Monthly income amount at discharge ▪ Savings amount at discharge 	For monthly gross income at discharge: copy of checks or check stubs, SSI checks, college or Job Corps stipend or training grant

	<p>statement indicating gross amount received during the last 4 weeks prior to discharge</p> <p>For savings at discharge: statement of savings at a bank or other federally regulated financial institution and or statement from the Department listing moneys disbursed to the youth in accordance with Rule 353</p>
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Table 2: Indicators of Self-Sufficiency in ILO TLP and Proof Required Thereof

ILO and TLP providers cannot be the “employer” of the youth unless the employer is a sheltered workshop operated by the ILO or TLP provider and the youth continues such employment following discharge from the program. Rule 353 requires the Department to report on children’s accounts and/or emancipation funds disbursed to the youth at the time of discharge. Furniture, household items, or other “in-kind” contributions made to the youth are not included in determining the funds available to the youth at time of discharge and will not be reported.

Unlike residential agencies, TLP agencies are not linked to RTOS, therefore providers will not be able to access a web based system to reconcile their own Placement Stability Rate data with the Department’s. In lieu of this, the Department will distribute a quarterly TLPSR report. This report is currently under development. It is likely there will be need for reporting fidelity checks given the wide disparity and confusion about reporting requirements. The Department recognizes that a clear policy needs to be set and followed concerning the classification of “runs” and “visits,” but it is also imperative for the successful implementation of performance based contracting in ILO TLP that absences be reported faithfully and consistently by all participating agencies.

Tasks Accomplished During Reporting Cycle

The Project Steering Committee, CWAC Subcommittees and Workgroups and DCFS Implementation Team performed the following tasks during the course of the meetings held from April 15, 2009 through October 15, 2009:

- Monitored, reported, analyzed and refined the FY 2009 residential treatment performance indicators, i.e.
 - Treatment Opportunity Days Rate (TODR)

- Sustained Favorable Discharge Rate (SFDR);
- Determined residential bed capacity needs for FY 2010 and negotiated with private provider agencies for needed beds;
- Publicly released the residential performance data for TODR of all residential agencies to private agency Chief Executive Officers and Executive Directors;
- Refined the residential risk adjustment model:
 - By using 2000 US Census data to amend the model variable related to geographic location to more accurately reflect the location based upon population density;
 - Use historical agency case mix data from calendar year 2006, calendar year 2007 and the first six months of calendar year 2008 to set performance benchmarks;
- Established a reconciliation process for residential treatment providers with the Data Test Workgroup serving as the reconciliation panel;
- Imposed fiscal penalties upon residential agencies who failed to attain TODR performance benchmarks in FY 2009 and developed a mechanism by which the penalty could be paid through a reduction in FY 2010 contract payments thereby retaining the penalty payments under the control of the Department for use in the child welfare system and not lose them to other state agencies for other purposes;
- Continued to conduct regression analyses of identified CANS clinical variables as applied to the population sample;
- Tested the residential risk adjustment model incorporating the findings of the regression analysis including the CANS factors;
- Further analyzed TODR by interruption type, i.e. psychiatric hospitalization, detention and running away, to examine agency patterns and identify factors which may impact negative performance and prioritized a research agenda based on their findings;

- Continued to monitor the unused capacity and established a communication line between the Division of Placement and Permanency and private providers to assess the causes of delay.
- Addressed provider feedback and concerns about the Centralized Matching Team (CMT) to further improve appropriate client matching and referrals to private agencies by reestablishing the ad hoc Centralized Matching Workgroup under the auspices of the Residential Performance Monitoring Workgroup;
- Enhanced the Discharge and Transition Protocol to further encourage provider networking, appropriate step-downs, clarify agency roles and responsibilities and support youth post-discharge;
- Reviewed submitted ILO TLP “outcome enhancement plans” required by contract amendment to the FY 2009 contracts to improve agency performance on placement stability rate and post-discharge self-sufficiency.
- Finalized and incorporated 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)
- Developed and established a reporting process for ILO and TLP performance outcome measures and designed a reporting tool by which the agencies will report and the DCFS monitors will verify their reports
- Held the Fourth Statewide Provider Forum on May 29, 2009 to update all providers on the status of project implementation and seek input from them regarding challenges and barriers to success.
- Identified successful strategies being deployed in residential, ILO and TLP agencies to engage youth in treatment to maximize and sustain their treatment gains to allow for better long term outcomes and transition to adulthood and planned a Best Practices Summit to be held on October 21, 2009 to share these strategies with providers statewide.

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 “*” are 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.

<i>Committee/Workgroup</i>	<i>Purpose</i>	<i>Meeting Dates</i>
Project Steering Committee	Provide overall project direction and guidance, assign tasks to and review products of the CWAC Subcommittees and Workgroups, make recommendations on PBC/QA implementation	April 16, 2009 May 29, 2009 July 23, 2009 August 20, 2009 September 17, 2009
CWAC High End Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA developed by the Residential Monitoring Subcommittee	April 16, 2009 June 11, 2009 August 13, 2009
Residential Monitoring Subcommittee	Review and approve, modify or reject the recommendations for PBC/QA of the Data Test Workgroup	April 30, 2009 June 12, 2009 July 17, 2009 August 14, 2009 September 10, 2009 October 2, 2009
Data Test Workgroup (Residential)	Refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for residential	April 7, 2009* April 9, 2009 April 20, 2009* April 27, 2009* April 30, 2009 May 8, 2009* May 13, 2009*

	providers	May 19, 2009* May 21, 2009 June 10, 2009* June 12, 2009 June 15, 2009* June 22, 2009* July 9, 2009 July 17, 2009 July 22, 2009* July 24, 2009* August 6, 2009* August 14, 2009 August 20, 2009* August 28, 2009* September 4, 2009* September 9, 2009* September 10, 2009 September 14, 2009 October 2, 2009 October 14, 2009
Best Practices/Safety Workgroup	Identify best practices in residential care and treatment and disseminate findings to the field	April 29, 2009 May 28, 2009 June 25, 2009 July 22, 2009 August 27, 2009
Discharge and Transition Protocol Advisory Council	Oversee implementation of the Residential Discharge and Transition Protocol	April 6, 2009 May 4, 2009 June 1, 2009 August 3, 2009 August 31, 2009
ILO/TLP Data Management Workgroup	Develop, refine, implement and evaluate the effectiveness of performance measures and risk adjustment strategies for ILO/TLP providers	April 9, 2009 April 15, 2009 April 28, 2009 May 1, 2009 May 6, 2009 May 21, 2009 August 26, 2009 September 11, 2009 September 28, 2009 October 6, 2009 October 14, 2009
Older Adolescent Subcommittee and ILO/TLP	Develop, refine and PBC/QA for Independent and	April 16, 2009 May 21, 2009 July 16, 2009

Workgroup²	Transitional Living providers	September 23, 2009
Finance and Administration Subcommittee	Develop, refine and implement the financial structure for the performance based contracts	May 8, 2009 July 10, 2009 September 11, 2009
Residential Provider Group³	Provide input and inform the CWAC Subcommittees and Workgroups on project impact from the greater child welfare residential provider community	May 8, 2009 June 5, 2009 July 10, 2009 August 21, 2009 September 25, 2009
DCFS Internal Implementation Team	Coordinate DCFS implementation efforts internally	April 2, 2009 April 16, 2009 April 30, 2009 May 7, 2009 May 14, 2009 May 21, 2009 May 28, 2009 June 4, 2009 June 11, 2009 June 18, 2009 June 25, 2009 July 9, 2009 July 16, 2009 July 23, 2009 August 6, 2009 August 20, 2009 August 27, 2009 September 3, 2009 September 10, 2009 September 24, 2009

² The Older Adolescent Subcommittee and the ILO/TLP Workgroup have held joint meetings at this stage of project implementation.

³ 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.

		October 1, 2009 October 8, 2009 October 15, 2009
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Table 3: Collaborative Meetings Held Pertaining to the *Striving for Excellence* Project from September 1, 2008 through April 15, 2009

Over 300 collaborative meetings have been held since the inception of this project in January 2007.

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 the second round of Project Steering Committee interviews held in December, 2008 and January, 2009. 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. During this reporting period, the budget crisis was weathered by both the public and private sectors because of a shared advocacy strategy which would not have been possible without well established communication pathways engaging all stakeholders.

The 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 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. Residential and ILO/TLP service providers have disseminated information about the project on their informal list serve which also provides information to non-CCAI members thereby increasing the project’s outreach. The residential service providers meet separately every month where they are updated on this project during each meeting.

Need for sustained and committed leadership dedicated to project implementation

There was considerable anxiety exhibited during this reporting cycle over the potential for DCFS leadership changes due to the strong positions taken by Director McEwen in response to the budget crisis. While Director McEwen earned the respect of the federal court overseeing the *BH* consent decree, he serves at the pleasure of Governor Pat Quinn and could be removed at any time. It appears that Director McEwen has the complete support of the Governor at this time. It should be noted that Governor Quinn is engaged in a re-election campaign to retain his office in 2010 which leads to increased anxiety about the future status of Director McEwen as Director in the event a new Governor is elected who wishes to appoint someone else as Director.

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 stress his high level of commitment to this project and the level of trust invested in his leadership ability by both the public and private sectors. As the fiscal situation has worsened for the Department, it has become harder for the Director to attend Project Steering Committee meetings given the need for him to spend a majority of his time in Springfield to respond to legislative and gubernatorial requests for information on fiscal impacts.

The 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. Coupled with the new Statewide Provider Database, it is addressing problems and gaps in service assessment and provision. It also helped to identify other systems, such as community mental health, education, and foster care case management, which impact residential agency performance. 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.

During this reporting period, agency TODR performance was made public to other agencies. 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 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 agency performance now transparent, it is expected that advocacy efforts will increase with sending agencies more actively engaged in the post-discharge placement decision.

In these times of economic decline, when resources are scarce and the cost 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 is more 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.

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 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. This underscores the principle that “words matter.” Definitions and the policies clarifying them should be fully developed prior to implementation and not during it.

The eight providers on the ILO TLP Data Management Workgroup all continue to report different interpretations of rules mandating when they would be required to report a youth “missing” from their programs and how they would code the absence. DCFS monitors serving on the Workgroup also differed in their interpretation. Some providers reported they immediately filed a “906” notifying the Department of a youth’s absence from their program as soon as the absence became known. Other providers reported they would delay reporting any absence because the youth was usually in a place known to the provider, albeit without permission, and would return to the program in a matter of days. Still other providers, particularly those who work with youth over the age of 18, indicated they are uncomfortable reporting an “adult” as missing when individuals who are not in the legal guardianship of DCFS are free to come and go as they please and are not required to seek permission to visit friends or family.

Despite a strong memorandum from Deputy Director Miller Anderson to the provider community, the confusion remains apparent as of the filing of this report in late October, 2009. 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, established in May 2008, continues to spend the majority of its time addressing fiscal problems and concerns. Their “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.

Now that the FY 2009 TODR performance data for residential agencies has become public and fiscal penalties have been assessed, agencies are reporting that the ability to calculate their potential penalty has allowed them to prepare for this assessment and make contingency plans for diminished FY 2010 payments. 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.

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 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.

Recognition this is “a work in progress”

The fiscal crisis 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. The proposed “Doomsday Budget” would have eviscerated the CAYITs and Centralized Matching Teams, the university based research, evaluation and demonstration projects, and community based supports necessary for successful step-down placements. Although the Department ultimately prevailed in thwarted the impacts of the proposed budget cuts, it remains vulnerable to significant budget shortfalls if it fails to achieve its necessary targets for HMR and Medicaid draw down. In the future, if another administration seeks to set aside the *BH* consent decree or the federal court decides *sua sponte* to do so relying upon the precedent set by *Flores*, the safety net which the Illinois child welfare system has enjoyed for almost two decades will be cut. Other state agencies, including the Department of Human Services are continue to experience deep cuts which impact the availability of local community services. The lack of community based system of care services will continue to impact the effectiveness of step-down placements to less restrictive settings.

The Project Steering Committee has discussed the role they should play in alleviating this anxiety and increasing their educational outreach efforts to ensure everyone fully comprehends the performance expectations and individual agency benchmarks set. Concerns reported in the last three reporting periods continue to persist over the consistency of the message being delivered both internally and externally. This may be

heightened during the upcoming reporting cycle because of the availability of performance data and the infusion of competition resulting there from. The Project Steering Committee continuously strives to let all child welfare providers and stake holders know this “is a work in progress.” Change will not be driven by anecdotes, but by data. The CWAC Subcommittee structure provides all parties with a feedback loop which allows for in-depth analysis and discussion of all aspect of this project.

Importance of determining the potential impact of multiple reform efforts being implemented simultaneously on the frontline staff responsible for service delivery

Focus groups held during this reporting period of the relevant CWAC subcommittees and workgroups as well as the implementation case studies currently underway have all discussed the ramifications of rolling out performance based contracting, conversion of Medicaid fee for service and the Discharge and Transition protocol at the same time. All of the focus groups report that these concurrent reform efforts resulted in an increase in documentation, staffings and quality assurance activities which take staff away from service delivery and engagement with youth in their care. 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.

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 can use 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. Judge Kearney has been given unfettered access to RTOS to review outcome data reports.

The project evaluation plan includes multiple data collection methods relevant to the five federal research questions. Unlike the previous Illinois performance based contracting initiative for foster care case management every stage of the implementation process has been documented in descriptive evaluation notes from initial concept design through the development and implementation of the demonstration, FY 2009, and FY

2010 performance based contracts. Individual structured interviews of both the public and private members of the Project Steering Committee were conducted by Judge Kearney following the first year of planning between December 2007 and January 2008 to explore individual members' perceptions of the collaboration and planning process during the first year of this grant. These interviews were repeated in December 2008 and January 2009 to document perceptions of critical stakeholders post-implementation and provide insight into the transition from the planning to implementation and monitoring phase of the project. The interviews will be conducted for the final time in December 2009 and January 2010.

Given the contextual variables inherent in a project of this type, environmental scans are conducted every six months to determine if other socio-political factors may be influencing the evaluation results obtained. This was particularly important during this reporting cycle because of the budgetary crisis, the federal court ruling in *BH v. McEwen*, and the multiple implementation efforts (i.e. Medicaid conversion, performance based contracting and the Discharge and Transition Protocol) occurring simultaneously.

Additional perceptual data was obtained in the spring in 2008 and 2009 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 in sixty-four private residential agencies with which the Department has contracts in FY 2008 and FY 2009. This survey will be administered for the final time during the next reporting period in December, 2009.

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

Staffing estimates were calculated for each agency and surveys sent to agency executive directors with self-addressed stamped envelopes for the participants to return their surveys anonymously. For frontline residential staff, all first and second shift workers in agencies classified as *mild* were offered the opportunity to participate. This is because there are fewer agencies serving children classified as mild and the mild agency staffing ratio is much higher, thereby fewer staff members are required for supervision of the children and youth. For 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 2009, all frontline staff members regardless of acuity level were given surveys. This will be the case for the December, 2009 administration as well.

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

Although the frontline staff and supervisor survey return rate was at 36.6% 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. There were 2, 060 surveys mailed to agency chief executive officers on March 20, 2009. Four hundred and sixty nine valid surveys with the requisite informed consent documentation were returned and recorded for a return rate of 22.7%. The challenges reported above with documentation requirements increasing due to the conversion to

Medicaid may have impacted the ability of frontline staff to have the time to respond to requests for survey completion. The Project Steering Committee reported that this was the likely cause of a reduction in percentage of valid returns. Additionally, 75 surveys were not included in the data analysis due to lack of informed consents.

The “Quality Improvement Survey” developed for cross-site purposes by the QIC PCW was administered in the spring of 2008 and 2009 to the person in each residential, Independent Living and Transitional Living Program who has the most knowledge of and responsibility for quality assurance and/or quality improvement activities within that agency. 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 this survey was sent by mail on March 20, 2009 to agency Chief Executive Officers at the same time as the staff survey. Of the 63 surveys sent, 20 were returned for a return rate of 31.7%. This survey will also be repeated in December, 2009 for the final time. It is likely the return rate was impacted by the Medicaid conversion as well since most agencies are reporting their quality assurance staff members are responsible for monitoring the conversion efforts.

Evaluation Methodology

A mixed method approach is being utilized to evaluate this project. The October 2009 evaluation matrix is attached to this report as **Exhibit 17**. Designed in consultation with the cross-site evaluation, it utilizes the following methods to obtain data for the five federal research questions:

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

O = Outcome P = Perceptual D= Descriptive

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

During this reporting period in-depth agency assessments of the three highest performing residential agencies and two lowest performing agencies on the contract performance measures were begun. Dr. Dean Fixsen’s implementation assessment tool is being utilized to obtain descriptive and perceptual data and determine if correlations can be drawn between agency implementation drivers (such as training, hiring, coaching, etc.) and successful performance on the designated residential outcome measures. The agency assessments include surveys of frontline staff responsible for the direct care and treatment of children and youth; focus groups of frontline staff members, supervisors, and administrators in each agency; and document review. The survey instrument is attached to this report as **Exhibit 19**. The focus group questions are attached as **Exhibit 20**, and the document review checklist is attached as **Exhibit 21**. A full report of the findings of the 2009 focus groups and the implementation case studies will be reported in the next Semi-Annual report.

If Dr. Jordan is successful in obtaining NIMH funding through the submission of the RO1 grant application, additional data may be obtained and shared pertaining to the effect of organizational culture and climate on performance.

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 as it has progressed from initial concept through the design and development of the proposed performance measures through initial implementation has been kept by Judge Kearney. She has attended all of the Project Steering Committee meetings and most of the meetings held by the 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 and FY 2010. She also attends the DCFS Implementation Team meetings telephonically each week unless she is in Chicago whereby she attends these meetings in person.

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. 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 private sector providers' view of the collaborative process at this stage of project development. 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 the "Doomsday Budget" being implemented. If the instrument had been administered during the budgetary crisis of the summer of 2009 the results may have been skewed, particularly questions pertaining to the availability of human and financial resources.

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 Garstka 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 data by Dr. Teri Gartska of Pal Tech reflect statistically significant declines between Year 1 and Year 2 of project implementation in the domains pertaining to process/structure, communication, purpose, resources and QIC PCW child welfare. Following the third administration of the instrument in May, 2009, there were statistically significant improvements noted across all

domains. Dr. Gartska has provided the following charts reflecting her analysis comparing the baseline (2007), Year 1 (2008) and Year 2 (2009) administrations:

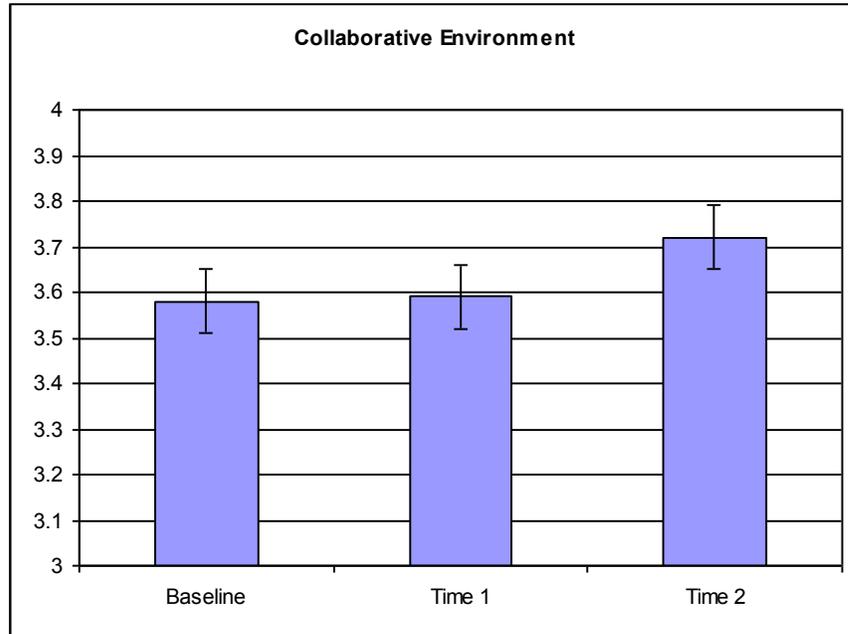


Figure 4: Illinois Wilder Collaborative Inventory Collaborative Environment Comparison

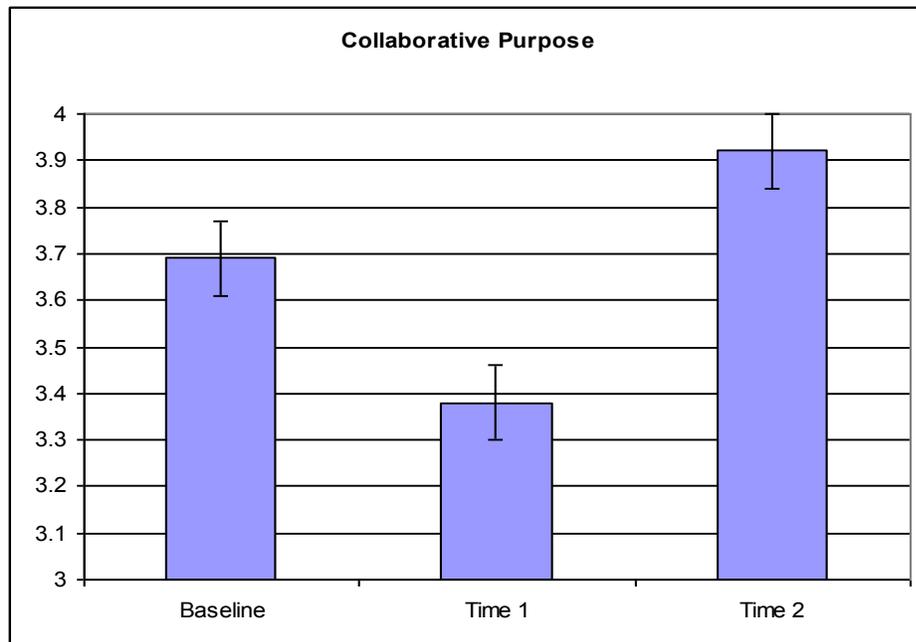
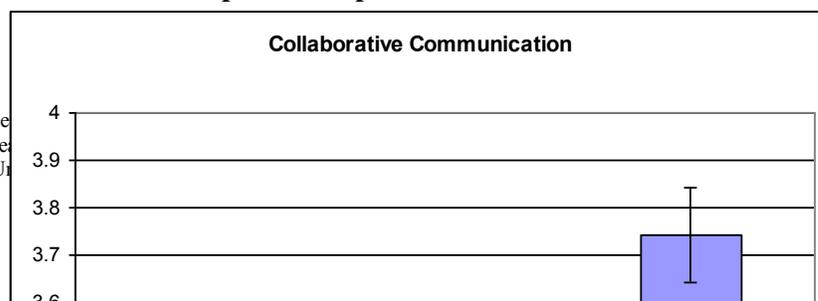
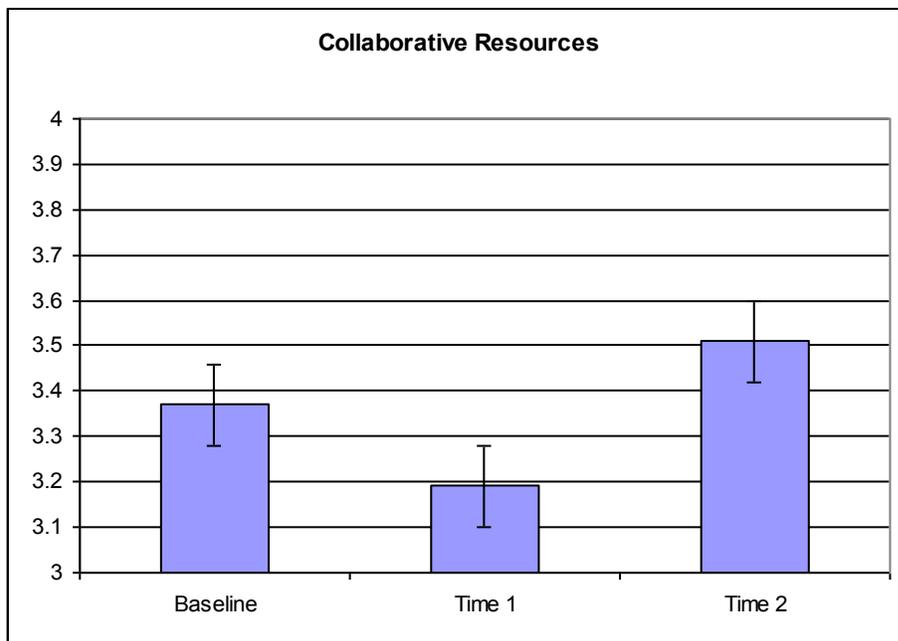


Figure 5: Illinois Wilder Collaborative Inventory Collaborative Purpose Comparison



**Figure 6: Illinois Wilder Collaborative Inventory
Collaborative Communication Comparison**



**Figure 7: Illinois Wilder Collaborative Inventory
Collaborative Resources Comparison**

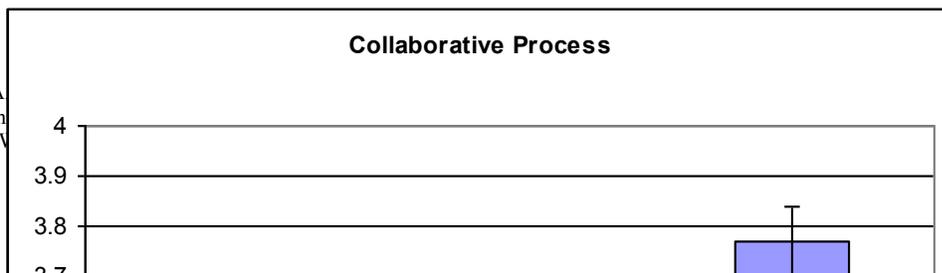


Figure 8: Illinois Wilder Collaborative Inventory Collaborative Process Comparison

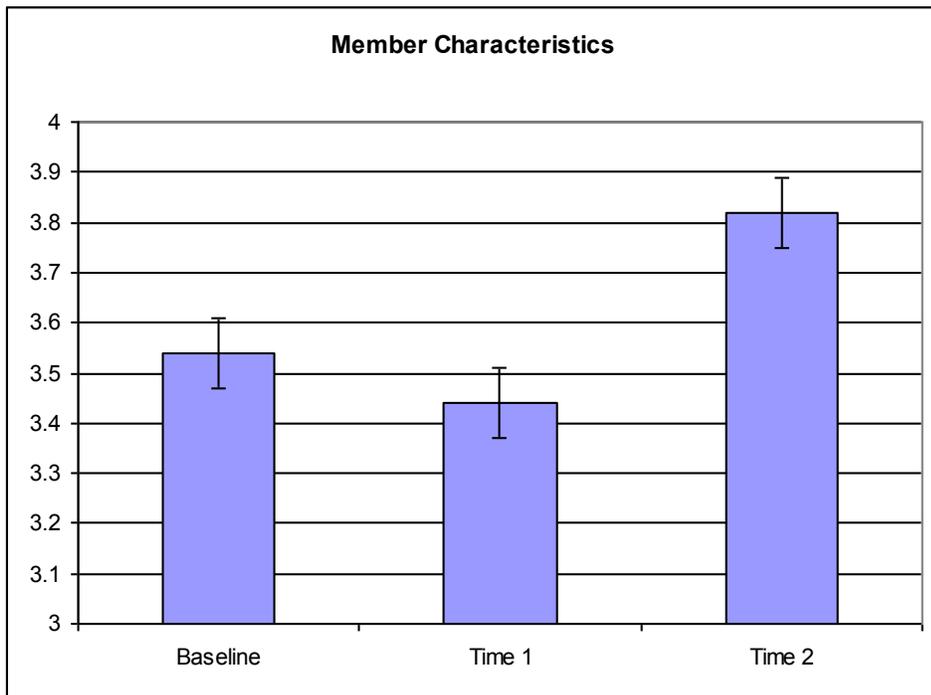


Figure 9: Illinois Wilder Collaborative Inventory Member Characteristics

The Illinois surveys recorded whether or not the respondent was a participant in any of the Child Welfare Advisory Committee workgroups related to this project. **Figure 10**, provided by Dr. Gartska reflects to significant

increase across all domains in answers provided by respondents who are active participants in CWAC. This validates the decision by Director McEwen to use this structure for project development and implementation.

Figure 10: Illinois Aggregate Wilder Domains (2007-2007) with CWAC Participation Comparison

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

The Staff Survey Regarding Training, Supervision and Evidence-Informed Practice and the Quality Improvement Surveys were administered in 2008 and 2009 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 report during this reporting period.

The in-depth agency implementation case studies are being conducted by Judge Kearney at the time of the writing of this report to determine if specific agency organizational factors and characteristics influence performance on TODR and SFDR. The chosen protocols are proving to be valuable tools in obtaining information and data about the challenges faced by agencies in implementing performance based contracting and the strategies they have developed in attempting to overcome these challenges. A full report of findings will be included in the next semi-annual report.

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?

Residential agency performance on TODR is attached as **Exhibit 8**. Agency performance on SFDR has not yet been finalized because youth discharged on June 30, 2009 are still within the review period of 180 days post discharge. System wide, the Treatment Opportunity Days Rate rose from 93.1 in FY 2008 to 93.8 in FY 2009. While the improvement may appear modest, it resulted in approximately 3, 200 treatment opportunity days statewide.

The Data Test Workgroup broke down the FY 2009 results by interruption category. Significant improvement occurred in the rate of use of psychiatric hospitalization and preventing runs. Overall, residential providers decreased their psychiatric hospitalization usage by 15% in FY 2009 when compared to FY 2008. This resulted in a reduction of 2,400 hospital days. Dr. Alan Morris of UIC calculates this to be approximately \$2.4 million in taxpayer savings, predominantly through Medicaid savings. Runaway rates decreased by 10% between FY 2008 and 2009 resulting in 800 more days in treatment statewide. Detention rates increased statewide by 9% with 350 more days spent in juvenile detention or the Department of Corrections by Illinois child welfare system wards who are placed in residential care.

There were significant differences noted across classification (i.e. mild, moderate, moderate group home, severe, and chronic) level. Overall, institutional care (severe and moderate levels) are trending up in TODR performance overall. Community based settings, (i.e. mild, moderate, and moderate group homes) trended down in TODR. Moderate group homes increased their use of psychiatric hospitalization overall by 9%. Severe providers decreased their use by 28%. Mild providers increased their runaway rate by 38 percent. Providers report this is the result of the minimal staffing ratios in these programs. Severe providers also improved their detention rates by 27%, while moderate programs

increased theirs by 22%, moderate group homes by 29% and mild agencies by 64%.

The Residential Data Test Workgroup plans to examine how agency culture and practices which may be influencing these outcomes. Further analysis is warranted to determine what agency practices, if any, may be impacting either improvement or decline in TODR. Although these findings are only preliminary and much work remains to be done to examine the drivers behind this data, it appears that residential agencies are making concerted efforts on improving use of psychiatric hospitalizations. Although the inclusion of psychiatric hospitalization in the calculation of TODR remains a controversial issue, there are strategies in place which appear to be driving system improvement. The most notable, and one which is being reported in the implementation case studies, is the UIC Psychiatric Hospital – Residential Treatment Network pilot.

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

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

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

Preliminary findings from implementation case studies held in the residential agencies who did not perform well on TODR in FY 2009 show the necessity of full integration of quality improvement and assurance activities into daily milieu management in residential care. Neither of the two poorly performing agencies engaged frontline staff or supervisors in quality improvement activities. A more detailed report of findings from all five implementation case studies pertaining to quality assurance and monitoring systems put in place as a result of this initiative will be forthcoming in the next semi-annual report.

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 implementation case studies being conducted by Judge Kearney during this reporting period include two agencies located in highly populated areas of the City of Chicago. One agency is a small moderate group home. The other is a larger residential treatment center with a severe unit for pregnant and parenting teens (the only unit in the state) and a moderate program. The results of the surveys, focus groups and interviews being conducted on site will be compared to the three other agencies located outside of Chicago who performed significantly better on TODR. The results will be reported in the next semi-annual report.

IV. Sustainability

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

Director McEwen has indicated his intent to continue the evaluation of the ILO TLP aspect of this project after the QIC PCW funding ends. 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.

V. Dissemination

A. Publications

Judge Kearney's abstract submitted to the Child Welfare League of America for their upcoming special issue of *Child Welfare* on residential treatment was selected. The 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. Revisions to the article were submitted to the editors in September, 2009 for publication in March, 2010. The final article is attached as **Exhibit 18**.

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

B. Presentations and Dialogue

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

- American Association of Children’s Residential Centers Annual Conference, October 5-6, 2009, Cleveland, Ohio. Update on the status of the Illinois demonstration project by Judge Kathleen A. Kearney, Margaret Vimont and Mary Hollie to the AACRC Board of Directors during their annual meeting.
- 17th National Conference on Child Abuse and Neglect, Atlanta, Georgia, April 1, 2009. Presentation on “Leveling the Playing Field: Using Risk Adjustment to Enhance Performance Based Contracting in Residential Treatment” by Judge Kathleen A. Kearney, Brice Bloom-Ellis, Dr. Alan Morris and Dr. Neil Jordan.
- 17th National Conference on Child Abuse and Neglect, Atlanta, Georgia, April 1, 2009. Presentation on the status of the National QIC PCW Demonstration Projects by Director Erwin McEwen.
- 17th National Conference on Child Abuse and Neglect, Atlanta, Georgia, April 1, 2009. Presentation on “Building a Protective Timeline for Strengthening Families with Effective Public-Private Partnerships” by Director Erwin McEwen, Mary Hollie and Judge Kathleen A. Kearney
- 12th National Child Welfare Data and Technology Conference, Washington, DC, June 23-24, 2009 presentation on the status of the Illinois demonstration project by Judge Kathleen A. Kearney.
- Third National Summit on Public Private Partnership by the National Quality Improvement Center on the Privatization of Child Welfare Services, St. Louis Missouri, August 12-13. Presentation by Director Erwin McEwen, Judge Kathleen A.

Kearney and Brice Bloom-Ellis on the status of the *Striving for Excellence* project.

- National Institute of Mental Health 20th Conference on Mental Health Services Research: Increasing the Efficiency of Research and Mental Health Services Delivery, Washington, D.C. July 20-21, 2009. Presentation by Dr. Neil Jordan on the development of the risk adjustment model for residential treatment.

During this reporting period the State of Texas has requested technical assistance in the use of performance based contracting to drive reform efforts in working with older adolescents and high end youth. Since Director McEwen and Marge Berglind visited Texas in 2008, the state is in the process of establishing a statewide advisory group modeled after Illinois' CWAC to foster improved child welfare system planning with the private sector. Judge Kathleen A. Kearney will participate in a peer-to-peer session sponsored by Casey Family Programs in San Antonio, Texas on December 7-8, 2009.

VI. Conclusions and Recommendations

A. Recommendations for policy makers and program makers

Extension of the QIC-PCW and Illinois Demonstration Project

The data which has been and will be collected and analyzed for this project has significant national implication. All states are struggling with meeting the needs of older adolescents with multiple service needs. The ever increasing fiscal demands placed on state and local child welfare systems mandates the effective use of the limited resources allocated to serve children and families. The Illinois project has now been bifurcated into two separate components. The residential project, while currently underway, will need at least 5 full years to determine its efficacy. The ILO/TLP component has not yet been fully implemented and is approximately one year behind residential. There will be very little relevant ILO TLP outcome data obtained by the time the current QIC PCW grant expires.

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 September, 2010 is critical.

Institutionalization of a Collaborative Planning Process

As previously reported in prior Semi-Annual reports and highlighted in the presentation by Mary Hollie and Miller Anderson at September, 2008 QIC PCW Summit in Lexington, Kentucky and the April, 2009 presentation by Director McEwen, Mary Hollie and Judge Kearney at the National Child Abuse and Neglect Conference in Atlanta, Georgia, 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 to our knowledge has instituted a similar structure to provide a forum for public-private collaboration.

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. This was particularly important during this reporting period where the entire project was threatened with shut down due to the state's budgetary crisis. The support of the National QIC PCW and the Federal Project Officer in exploring contingency plans if this were to occur was invaluable.

The Project Steering Committee benefited from the onsite project meetings and the questions posed by the Ms. Hall and Dr. Collins-

Camargo and Dr. Teri Gartska of the Pal Tech Evaluation Team The QIC PCW joint project meetings have been helpful in allowing all sites to learn from one another. Although the scope and breadth of the Illinois demonstration site is very different from those of Missouri and Florida, the opportunity to share and receive information has been very helpful throughout the life of this project, especially during the budget crisis of June, 2009. While we acknowledge that the QIC PCW budget is limited, we recommend that face to face joint meetings be held at least three more times before project termination to share findings and identify common themes across all sites which should be reported at project end.

Dr. Teri Garstka of Pal Tech has facilitated monthly project evaluator calls during this reporting period which have assisted in resolving data collection and analysis issues. Dr. Garstka has been particularly helpful in assisting Illinois in site specific analysis of the survey instruments used for the cross-site evaluation. Her contributions to this project overall have been invaluable.

Figure List

1. Illinois *Striving for Excellence* Theory of Change Model
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1. *Striving for Excellence* Illinois Project Logic Model, Updated as of September 30, 2009.
2. Illinois Project Work Plan for Year 3 (September 1, 2009 through March 31, 2010).
3. *Striving for Excellence* Project Steering Committee Members as of September 30, 2009.
4. Illinois Residential Treatment Discharge and Transition Protocol.
5. Illinois Residential Treatment Master Comprehensive Transition Plan.
6. Proposed Presentation of Dr. Neil Jordan, Dr. Alan Morris and Brice Bloom-Ellis to the attendees of the Best Practices Summit at Governor's State University on October 21, 2009.
7. Proposed Presentation of Dr. Amy Dworsky of Chapin Hall at the University of Chicago to the attendees of the Best Practices Summit at Governor's State University, October 21, 2009.
8. TODR FY 2009 Illinois Agency Performance Report
9. TODR FY 2009 Monthly TODR Trend Report
10. TODR Historical FY 2006-2009 Contract Performance
11. Supplemental Order to Enforce Consent Decree in *BH v. McEwen*, No. 88-C-5599, United States District Court for the Northern District of Illinois, June 30, 2009.
12. *Horne v. Flores*, 129 S.Ct. 2579.
13. DCFS Implementation Team Weekly Report for Week of October 15, 2009.
14. DCFS Organizational Chart as of October 15, 2009.
15. Memorandum from Deputy Director Miller Anderson to Illinois TLP Providers dated September 21, 2009.
16. Power point presentation of Deann Muehlbauer of the University of Illinois at Chicago to the Project Steering Committee and the National QIC PCW site visit team on September 17, 2009.
17. Evaluation Matrix October 15, 2009

18. *Performance Based Contracting in Residential Care and Treatment: Driving Policy and Practice Change through Public-Private Partnership in Illinois*, Article submitted to the Child Welfare League of America's special edition of *Child Welfare* devoted to residential care and treatment, September 2009.
19. *Striving for Excellence* Implementation Case Study Measures of Implementation Components (Fixsen Implementation Measures) Survey Instrument, Illinois 2009.
20. *Striving for Excellence* Implementation Case Study Focus Group Questions, Illinois 2009.
21. *Striving for Excellence* Implementation Case Study Document Review Checklist

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