BACKGROUND

CONGREGATE CARE REFORM:
THE FUTURE OF FOSTER YOUTH IN GROUP HOMES

INTRODUCTION

Group home reform has been a consistent theme in child welfare in California for 15 years or more through a combination of legislation, legal action, and private initiative, as outlined in the congregate care reform timeline (Appendix 4). Group homes are licensed in California to provide 24-hour non-medical residential care in a group setting to children placed by county child welfare departments, or outside of child welfare, by family members seeking treatment or respite.

While there may be a need for some form of congregate care in the continuum of child welfare services, policymakers and child advocates have appropriately questioned how foster youth are faring in these placements; how to define the appropriate role for group homes in that continuum; and how to align policy and practice with federal and state child welfare goals for safety, well-being, and permanency for foster youth. This hearing will examine group homes as a foster care placement, the status of various reform efforts across California, and how the State can move the reform agenda forward in new ways.

OVERVIEW OF GROUP HOMES

Caseload: As of January 2011, there were approximately 6,390 foster children placed in California group homes, with the vast majority (82% of child welfare placements to group homes) between the ages of 11 and 17\(^1\). While the actual number of children in group homes has steadily declined over the past decade (particularly for those placed by child welfare services), children and teens continue to be placed in group homes inappropriately (e.g. due to a lack of alternative lower-level placements) and for excessive time-periods.

According to California child welfare data, approximately 30% of children in group home placements spent between a year and three years in a group home placement, and approximately 32% of child welfare supervised youth placed in group homes had been there for over 5 years\(^2\). From 2000 to 2011, the total number of child welfare-supervised children in congregate care dropped significantly from 9,164 to 3,959. Despite gains achieved in other areas of child welfare reform, such as the remarkable decline in the overall caseload over the course of the last decade\(^3\) (which may account for the decrease in group home placements over the same period), group home utilization as a percentage of overall foster care placements has remained almost completely static at around 7-9% of child welfare services placements since the state started compiling child welfare services data in 1998\(^4\).

**Licensing and regulations:** Across California, there are approximately 1,200 licensed group care facilities with a total of 11,800 licensed beds\(^5\). Some group homes have as few as 6 licensed beds, others as many as 50 or more. Community care licensing is responsible for group homes licensure, with basic health safety standards set forth in Title 22 Regulations. Among those requirements, group homes must provide youth with direct care and supervision, daily planned activities, food, shelter, transportation to medical appointments and school, and at least a monthly consultation and assessment by the group home’s social worker and mental health professional if necessary, for each child. Higher-level group homes specialize in providing care to seriously emotionally disturbed children.

**Funding sources:** Although the articulated goal of group home care is to provide a structured, supervised environment for youth with high needs, due to the constraints of federal Title IV-E funding, child welfare services payments to group homes cover only room and board-related costs. Treatment and rehabilitative services are typically funded through other sources, such as Medi-Cal, Early Periodic Screening, Diagnosis, and Treatment (EPSDT), or Mental Health Services Act funding, and the mental health system oversees the provision of these services to foster youth.

**Payment structure:** The existing “Rate Classification Level” (RCL) rate payment structure was developed in the late 1980’s and implemented in 1991. The RCL structure

\(^2\) Ibid.
\(^3\) The number of children in foster care in California has declined 47% in ten years to reach just under 60,000 youth in 2011.
\(^4\) Needell, et al.
measures the level and intensity of services provided on a 14-point scale, with increased payment based on the number of hours the group home spends on one of the three activities: child care and supervision, social work activities, and mental health treatment services. Additional points are earned as staff with more experience and/or higher education levels contribute to the total care and supervision hours and according to the professional level of the staff providing mental health treatment services.

THE CASE FOR REFORM

Given the fact that California has so dramatically reduced its overall numbers of children in foster care, more must be done to ensure that the resources allocated to those children who remain in foster care are used most effectively, to improve the quality of care and services, and to properly align incentives with permanency goals. While some argue that it would be difficult to standardize the criteria for what constitutes a quality group home program, consensus around certain core themes seems to have emerged as discussed later in this paper.

Children average about five placements before entering their first group home placement. It is not uncommon to hear providers and child welfare workers refer to children “blowing out” of one placement into another. Typically, what is meant by this phrase is that a child “failed” the placement through behavior considered either unacceptable to the foster parent or provider, or through actions that caused a danger to the child or another person. Unfortunately, what this concept supports is the idea among some in the child welfare services field, that the child fails the placement, rather than the possibility that the child, foster parent, or caregiver may not have received the services and supports necessary to ensure a successful placement. Some children can only remember living in a group home. Others can remember living in many over the course of their short lives.

While the prevailing policy discourse seems to imply group care should only be used sparingly and only in the cases of highest need for structure, stability, and treatment or rehabilitation, it is worth noting that most group homes are not required to provide mental health or other treatment services. When they do, typically group homes do not provide highly individualized treatment. Rather, they emphasize their role in helping to keep a child safe and provide a daily schedule of planned activities for youth, tied to existing state regulatory standards and the payment structure, which tend to include some recreation and group talk sessions. Some evidence exists that any possibly positive effect
the structured congregate care environment may have on treatment is lost after less than a year, when the child fully acclimates to the new environment.

Another concern raised with group home placement is the “peer contagion” effect through which the intended benefits of treatment in a residential setting are undermined as youth pick up deviant behaviors from their peers as they grow to associate and identify with one another. In addition, research has indicated some link between group home placement and an increase in arrests and involvement with the juvenile justice system.\(^6\) The possibility of this link is particularly relevant to policymakers as children who have suffered abuse or neglect are already at more risk for involvement in the criminal justice system. And while youth placed in group care should, by definition, be more difficult to serve, there is some evidence that group home providers also have a lower threshold for behavioral issues and tend to involve public safety authorities more frequently than other placement types.

Youth in group homes also struggle more academically.\(^7\) Some researchers posit that this could be a result of the highly scheduled or structured environment which does not provide enough time for homework, or to the youth’s decreased access to extracurricular and other enrichment activities.\(^8\)

Even when a child’s condition improves in a group home setting, some argue that placing children in an isolated and highly structured environment may result in a child successfully learning to meet the expectations and norms of institutional settings, but it does not necessarily help these youth learn to be successful in a family-based setting. By the nature of how services are defined and structured, children in standard group home care have fewer opportunities to achieve permanency by developing a close relationship with a caring and committed adult.

The downsides of group home care also come with a considerable price tag. Group homes are by far the most expensive placement option, with the highest level group home placement now at around 12 times the cost of a foster home placement.

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REFORMS IN CALIFORNIA

All of the potential problems of group care aside, some basic reform principles emerge consistently among child welfare stakeholders in California:

- Foster children should live in family-based settings when possible;
- Group home care should be reserved for youth with high-level needs as a short-term intervention, along a continuum of care;
- Services for youth in group care need to be better coordinated between systems (child welfare, mental health, and probation); and,
- More needs to be done to ensure the quality of group homes and the services they provide.

Included below are brief summaries of selected group home reform-related laws, workgroups, demonstration projects, or lawsuits relevant to the oversight hearing.

**SB 933: Reexamination of the Role of Group Home Care:** Acknowledging the need for reform, the Legislature passed SB 933 (Thompson, Chapter 311) in 1998. SB 933 directed the state Department of Social Services (CDSS) to re-examine the role of group care within a family based system of care, including group homes, foster family agencies or foster family homes, and to make policy recommendations regarding the needs of children to be served, program design and standards, licensing categories, rates and rate-setting procedures, performance agreements, outcomes, outcome indicators and performance measures, continuous quality improvement mechanism, and related oversight. SB 933 also required CDSS to report to the Legislature regarding the progress of reform plans. In 2001, CDSS issued its first report to the Legislature (Appendix 5) which outlined 31 recommendations and a 5-year implementation plan.

Some of the recommendations included in the 2001 report are commonly discussed as possible reforms today, including the need to involve children and families in planning and decision-making and the need to develop an alternative payment system to match expectations and funding levels.

The short-term activities of the plan included:

- Finalize the categories and services for the types of group homes that will be standards for the role of group care including defining the needs of children to be served.
- Design an accreditation requirement to provide mechanisms to ensure consistent standards for practice and continuous quality improvement in group care.

- Propose licensing standards and licensing entities based on new categories of group homes and the needs of children to be served.

- Develop standard Memoranda of Understanding to be used as contractual agreements between counties and providers.

- Design a payment system that will support the recommendations and principles of the SB 933 reevaluation, with the help of an independent consultant.

- Design an oversight requirement to include monitoring of system outcomes, program evaluation, and enforcement of standards and regulation.

Long-Term proposed activities included:

- The development of benchmarks for outcomes measurement.

- Enactment of legislation to support the transition goals.

- Creation of a system at the State level to collect and evaluate outcome data.

- Pursue ongoing federal financial participation to support continuing comprehensive services for children and families.

Over the course of the ten years since this first report, some progress has been made through the expansion of wraparound services and intensive treatment foster care which provide alternatives to support youth with high levels of need in family-based settings. Counties have innovated across the state to encourage higher quality services for youth placed in group homes through performance-based contracting as found in Los Angeles, and by some counties “voting with their feet” and refusing to place children in underperforming group homes.

However, the overall pace of reform has been slow and some plans have been left on the shelf. This hearing will follow up on the status of implementation of the 31 recommendations, among other reform initiatives, and look at what can be done to revise those recommendations or restart some of those plans.
Wraparound Services: Perhaps one of the more dramatic shifts in the thinking around how to serve youth who might otherwise be placed in group homes came with the proliferation of wraparound services in California. To be eligible for wraparound services, children must be a dependent or ward at risk of placement in a group home with an RCL of 10 to 14, or they must be voluntarily placed in out-of-home care. Wraparound began as a one county pilot in Santa Clara County in 1994 and, according to CDSS, as of October 2009, 43 counties across California operated wraparound services programs.

Wraparound is really a planning process that directly involves children and their families in identifying their own needs and plan for solutions when challenges arise. Wraparound programs attempt to move away from a problem-focused view of issues, to a more strengths-based approach. Children and youth are central to wraparound, which seeks to ensure intensive, individualized services and supports to families, so that children can grow up in a safe, stable, permanent family environment and avoid out-of-home placement.

Katie A v. Bonta Lawsuit: Child advocates sued the County of Los Angeles and the State in 2002 on the basis that the mental health needs of foster youth in out-of-home care were not being adequately met. One of the key components of the settlement agreement has been a requirement for Los Angeles to expand its use of wraparound services to reduce the number of arbitrary placement changes for foster youth. Although the Los Angeles County settlement agreement has been finalized, the State is still in the process of negotiating a settlement.

Residentially Based Services Pilot: AB 1453 (Soto) Chapter 466, Statutes of 2007 initiated the Residentially Based Services (RBS) Pilot in four counties across California: Los Angeles, Sacramento, San Bernardino, and San Francisco. RBS emphasizes short-term therapeutic interventions by changing group care from a permanent placement where children grow up, to a place where individually targeted help happens quickly and intensively.

The RBS pilot grew out of the foundational work of the California Alliance of Child and Family Services, the group home provider association. In 2004, CACFS convened child welfare stakeholders to discuss congregate care reform. Their efforts led to the RBS Framework (Appendix 7), which provided the vision for RBS. CACFS went on to sponsor the enacting legislation.
Providers participating in RBS are oriented toward family-centered planning and services. They are full partners in permanency by adopting family finding and engagement and family team decision-making strategies. Some models seek to step-down youth from higher-level group home placements, into family-based settings. Other RBS pilots divert youth from group home placements by placing youth directly into RBS.

Once a foster family or caregiver is identified for the child, or the child returns to his or family, RBS providers ensure continuity of care, as services and supports follow the child to help ensure their success. Practically what this means is that group home care is no longer confined to the group home facility, but rather, the organization and staff are compelled to move beyond those walls to bring services into the family's home and community.

Another important purpose behind RBS is to build upon the lessons learned in the pilot and create a plan for the statewide transformation of group care based on RBS. The successful launch of RBS pilots in all four pilot counties was finally achieved in 2011. Private foundations made a significant investment of millions of dollars in staffing and other supports to CDSS to help launch RBS. Although the RBS pilots were slow to ramp up, the initial indicators of change are promising.

*Unfortunately, the scope of the pilot is narrow.* RBS will reach a handful of youth, providers, and counties. The challenges and significant investment required to launch RBS in four counties are also sobering reminders of the potential barriers in bringing the concepts behind RBS to scale. The outcomes, evaluation, and recommendations pieces of RBS are expected by 2015.

**Group Home Rates Lawsuit:** In 2009 federal courts ruled on a lawsuit brought on behalf of group home providers by their association—*California Alliance of Child and Family Services vs. Allenby*. The plaintiffs argued that California group home rates, which had remained flat for 10 years, failed to meet the requirements of the Child Welfare Act, which requires that foster care payments cover the basic care and supervision needs of the child. As a result of the court’s judgment for the plaintiffs, California was required to increase foster care payments to group homes by 32%, from a range of $1,337-$6,025 in 2009 to a range of between $2,118 and $8,974 in 2010. The court also requires the state to adjust rates on an annual basis according to the Community Needs Index (CNI), by a factor of 1.57%. In 2011, payment for the highest level group home placement will top $9,000 per child per month.
One potential outcome of the rate increase could be lower group home utilization, as the sticker shock associated with group home placement forces counties and the State to look for viable alternatives to group care.

**Budget Trailer Bill:** In part a response to the court-mandated rate increase, the California Legislature included trailer bill language in 2010 which put in place a moratorium through 2012 on new group home providers, or applications for rate increases by RCL. In addition, the Legislature directed CDSS in statute to establish a workgroup of interested stakeholders, including legislative staff, county welfare directors, foster youth and children’s advocates, to develop recommended revisions to the existing RCL system and taking into consideration the larger spectrum of child welfare services and placements, including:

- The provision of mental health and other critical services for children and youth.
- The provision of services in family-like settings.
- The provision of services that support families and relatives.
- Outcome-based evaluation or other quality improvement concepts.

*To date, CDSS has not convened this rate-setting workgroup.*

**Congregate Care Reform Integration Project (CCRIP):** The CCRIP reflects additional support and investment by private foundations to continue congregate care reform. Convened in 2010, the CCRIP sought to coordinate the various reform initiatives underway in California, to develop recommendations, as well as an actionable plan. The final report (Appendix 6) details those recommendations and documents the estimated 13 congregate care reform efforts. The report also recommended a two-year action plan to be developed by CDSS based on the report's recommendations.

**THE FUTURE OF GROUP HOME REFORM**

Too often, California stakeholders cite RBS as shorthand for the future of group home reform. As transformational as RBS is, and could be for the system as a whole, it should be thought of as one of several coordinated efforts. Reform is urgently needed to ensure
that children do not needlessly grow up in group homes, at a minimum. Ideally, state policymakers and supervising child welfare and probation agencies can draw on the work of the past 15 years to properly restructure the regulatory and policy drivers which, even if unintentionally, result in expensive services that too often fall short. If group homes are meant to serve only those children with the highest level of mental health or behavioral treatment needs, the provider community must be equipped and prepared to address those needs in a coordinated and individualized fashion, with a clear understanding of expectations, and accountability for their outcomes.

This Joint Oversight Hearing of the Assembly Human Services Committee and the Select Committee on Foster Care is a first step at understanding the status of past and current reform initiatives, as well as policy recommendations for expanding and continuing the reform agenda.