
THIRD READING

Bill No: AB 403
Author: Mark Stone (D), et al.
Amended: 9/1/15 in Senate
Vote: 21

SENATE HUMAN SERVICES COMMITTEE: 5-0, 7/14/15
AYES: McGuire, Berryhill, Hancock, Liu, Nguyen

SENATE APPROPRIATIONS COMMITTEE: 6-0, 8/27/15
AYES: Lara, Beall, Hill, Leyva, Mendoza, Nielsen
NO VOTE RECORDED: Bates

ASSEMBLY FLOOR: 79-0, 6/3/15 - See last page for vote

SUBJECT: Public social services: foster care placement: funding

SOURCE: California Department of Social Services

DIGEST: This bill, effective January 1, 2017, establishes a sunset for existing licensure, rate setting and other provisions for group homes and Foster Family Agencies (FFAs), and establishes interim provisions. It provides for licensure of Short Term Residential Treatment Centers (STRTCs) and FFAs and requires the California Department of Social Services (CDSS) to develop a new payment structure for STRTCs and FFAs, as specified. This bill establishes the framework for the codification of a number of recommendations included in the CDSS report, California's Child Welfare Continuum of Care Reform (CCR).

ANALYSIS:

Existing law:

- 1) Establishes CDSS as the "single state agency" required by Title IV-B and IV-E of the federal Social Security Act to distribute federal funds and supervise California's county administered child welfare system which includes child

protective services, foster care placement services, and adoptions services. Requires the state, through CDSS and county welfare departments, to establish and support a public system of child welfare services to protect and promote the welfare of children. (WIC 10600 and 16500)

- 2) Provides for the licensure of group homes, defined as a residential facility providing 24-hour non-medical care and supervision to children, delivered by employed staff in a structured environment. Requires CDSS to establish a rate classification level (RCL) structure for group homes with a corresponding rate structure according to the level of care and services that will be provided, as specified. (HSC 1502 and WIC 11462)
- 3) Permits group homes to be classified as an RCL 13 or 14 if the program only accepts children with special treatment needs and meets other requirements. Requires the California Department of Health Care Services (DHCS) to certify group homes annually seeking classification as RCL 13 or 14 and permits such facilities to accept minor dependents who are seriously emotionally disturbed if certain conditions are met. (WIC 11469, WIC 4096.5 and HSC 1502.4)
- 4) Provides for licensure of FFAs, defined to mean any organization engaged in the recruiting, certifying, and training of, and providing professional support to, foster parents, or in finding homes or other places for placement for children for temporary or permanent care, as an alternative to group care. (HSC 1502)
- 5) Establishes California's Medicaid program, Medi-Cal, through which eligible low-income individuals receive health care and mental health services, including foster youth, eligible recipients of the Adoption Assistance Program, and Kin-Gap. Under Medi-Cal, establishes the federal Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program to provide comprehensive and preventive health services including specialty mental health services to Medi-Cal beneficiaries under the age of 21. (WIC 14000 et seq., 42 USC Section 1396 et seq and 42 CFR 435.145.)
- 6) Requires county mental health departments to provide children served by county social services and probation departments, who meet the definition of medical necessity, with mental health screening, assessment, participation in multidisciplinary placement teams and specialty mental health treatment. (WIC 5867.5)

This bill:

- 1) Establishes legislative intent to improve California's child welfare system by using comprehensive initial child assessments, increasing the use of home-

based family care and the provision of services and supports to home-based family care, reducing the use of congregate care placement settings, and creating faster paths to permanency to shorten the duration of a child's involvement in the child welfare and juvenile justice systems.

Group Home and Children's Residential Facilities Reforms

- 2) Sunsets, effective January 1, 2017, existing laws pertaining to group homes, including those permitting a group home to accept children assessed as being seriously emotionally disturbed (SED) and the existing rate classification structure. Provides for one-year conditional extensions to individual group homes and an interim rate structure.
- 3) Creates a new licensure category of STRTCs, on or after January 1, 2017. Requires STRTCs to have national accreditation from an entity identified by CDSS, as specified.
- 4) Permits STRTCs to have a program that is certified by DHCS or a county mental health plan, or a program that is not certified, or both. Provides that if the program does not have a certification, it may serve children who are assessed as SED and as meeting EPSDT medical necessity criteria if it arranges for a Medi-Cal eligible child to receive EPSDT specialty mental health services, or other mental health services in all other cases.
- 5) Adds new statute, effective the same date, requiring STRTCs that have a mental health certification to solely accept for placement children who do not require inpatient care in a licensed health facility, have been assessed as requiring the level of services provided in the facility to maintain the safety of the child or others, as specified, and who have been assessed as meeting the medical necessity criteria for specialty mental health services under the EPSDT program or have been assessed as being seriously emotionally disturbed, as defined.
- 6) Provides that STRTCs that do not have a mental health certification may accept for placement children who do not require inpatient care in a licensed health facility, have been assessed as requiring the level of services provided in the facility to maintain the safety of the child or others, as specified, and who meet one of the following criteria:
 - a) Have been assessed as meeting the medical necessity criteria for specialty mental health services under the EPSDT program;
 - b) Have been assessed as being seriously emotionally disturbed, as defined;

- c) Have been assessed as requiring the level of services to meet his or her specialized behavioral or therapeutic needs, as described.
- 7) Requires CDSS to develop a new payment structure for STRTCs and prohibits CDSS from establishing a rate for STRTCs or FFAs unless the provider submits a recommendation from the host county or the primary placing county that the program is needed and that the provider is willing and capable of operating the program at the level sought.
- 8) Authorizes CDSS to license a temporary shelter care facility operated by a county or agency on behalf of a county, and requires CDSS to consult with counties operating shelters to develop a transition plan, as specified.

Foster Family Agency Reforms

- 9) Effective January 1, 2017, sunsets the existing rate-setting system for FFAs and establishes an interim rate system for FFAs that have been granted an extension.
- 10) Requires CDSS to develop a new payment system for FFAs that provide treatment, intensive treatment and therapeutic foster care programs which considers federally eligible administrative activities social work activities, social work and mental health services, as well as intensive treatment or therapeutic services, core services, staff training, licensing requirements, a process for accreditation, as specified, mental health certification, populations served, as specified.
- 11) Permits probation agencies to place probation youth into a certified family home of an FFA.
- 12) Requires FFAs to have national accreditation from an entity identified by CDSS, as specified. Provides CDSS the authority to extend provisional licenses for FFAs for up to two years, if it determines this additional time is required to secure accreditation.
- 13) Permits FFAs to have a program that is certified by DHCS or a county mental health plan, or a program that is not certified, or both. Provides that a certified program shall provide mental health services to children who do not require inpatient care and have been assessed as SED or as meeting medical necessity criteria for EPSDT. Provides that a program that is not certified may provide access to mental health services to children who do not require inpatient care and have been assessed as SED or as meeting medical necessity criteria for EPSDT if the program has interagency protocols in place to arrange for specialty mental health services for children who are Medi-Cal eligible, and in all other cases, arranges for the child to receive mental health services.

- 14) Requires county probation departments to work with group home providers to develop STRTCs that meet the needs of probation-supervised youth in foster care and to work with FFAs to develop strategies to recruit, retain, and support specialized foster homes for probation youth. Additionally requires county probation departments to work with CDSS on strategies to identify, engage, and support relative caregivers and to define probation youth outcome measures to be collected and analyzed to assess implementation of this act.
- 15) Requires, commencing January 1, 2018, CDSS in consultation with the Chief Probation Officers of California, to assess the capacity and quality of placement options for probation youth in foster care, as specified.
- 16) Requires CDSS to provide an interim report to the Legislature no later than January 10, 2019, and a final report no later than January 10, 2021, to include specified data and whether there is a continued need for probation placement in group homes.

Other Foster Care System Reforms

- 17) Requires CDSS to provide available funding to counties for the purpose of recruiting, retaining, and supporting foster parents, relative caregivers, and resource families based on CDSS approval of plans submitted by each county.
- 18) Sunsets, effective January 1, 2017, existing foster parent training provisions and replaces statute with annual training requirement of eight hours and other revised requirements and structure.
- 19) Requires CDSS to work with stakeholders, including other state departments, such as the DHCS, legislative staff, counties, and advocates, to address critical issues and specified subject areas in the initial and ongoing implementation of this act. Requires the work with stakeholders to include the development of timelines and key milestones for implementation of this act, including a process to monitor progress. Requires the CDSS, in consultation with stakeholders, to measure and track changes in the number of out-of-home placements that are available to county placing agencies, as specified.

Background

Continuum of Care Reform Efforts. CDSS led a three-year stakeholder effort in response to SB 1013 (Committee on Budget and Fiscal Review, Chapter 35, Statutes of 2012), which called for the department to establish a working group to develop recommended revisions to the current rate-setting system, services, and programs serving children and families in the continuum of foster care settings. Early this year, the department published a report entitled “California’s Child

Welfare Continuum of Care Reform.” which outlined a comprehensive approach to improving California’s child welfare system by reforming the system of placements and services directed at youth in foster care. The report envisions new models of care for foster youth, including providing all foster youth with access to a child and family team – instead of relying solely on a single social worker – and empowering those child and family teams to utilize a more consistent assessment tool that identifies the needs of the child. Rather than leaving a child to “fail upwards” into a group home before the child is provided more intensive services, the report envisions providing needed treatment and services in homes, and relying on group homes only for short-term treatment placements.

Reforms Envisioned by AB 403. This bill reflects a substantial, though incomplete, effort to begin implementation of the ambitious “continuum of care reform” that is described in the departmental report. This bill incorporates several primary areas of reform:

- Dismantles the existing rate classification structure, licensure, and eligibility criteria for group homes, replacing it with STRTCs that incorporate increased standards of care, shortened duration of stay, and stricter criteria for initial placement. This policy is likely to have the effect of reducing the overall number of beds available for congregate care, and will make it harder for placing agencies to place a child who does not have a true clinical need for congregate care. As a result counties will need to quickly increase the availability of foster homes or relative caregivers.
- Revises the existing licensure, rate structure and eligibility criteria FFAs, which recruit, certify and provide services to foster family homes. The new structure envisions a model of FFAs that are prepared and funded to provide intensive treatment level services (currently often unavailable outside of a group home) in a foster home setting, enabling children with emotional or behavioral health challenges to remain with a family.
- Seeks to progress toward implementation of *Katie A. v Bonta* lawsuit which expanded the role of the child and family team in guiding the development of a child’s case plan, so that a social worker is not making uniformed and unilateral decisions about the care of a child. Existing use of child and family teams has shown the model to be an important tool for flexibly building a network of child welfare mental health and educational services to best support the child and his or her family.
- Seeks to progress toward implementation of *Katie A. v Bonta* lawsuit which called for expanded integration between mental health services and child

welfare services. By integrating mental health certification as a component for licensure of both STRTCs and FFAs, and including an EPSDT specialty mental health assessment as one criteria for placement, this bill seeks to encourage greater interdepartmental collaboration at the local level, and increase providers' ability to provide a more complete range of child welfare and mental health services to the child.

- Addresses some barriers to achieving an adequate supply of relative and foster family homes. This bill continues implementation of the Resource Family Approval (RFA) Program, which was established as a permanent statewide program through SB 1013 (Committee on Budget and Fiscal Review, Chapter 35, Statutes of 2012). Under the program, CDSS is required to implement a unified, family friendly, and child-centered RFA process to replace the existing multiple processes for licensing foster family homes, approving relatives and nonrelative extended family members as foster care providers, approving guardianships, and approving adoptive families. This model is currently being implemented as a five county pilot; however it is anticipated to take effect statewide July 2017.
- This bill modernizes foster parent training programs, making curriculum more flexible according to the specialized training needs of individual children and families.
- By building on the establishment of "core services" that the foster care system is intended to provide, including specialty mental health services, and by enabling FFAs to approve and serve all resource families this bill is likely to enable counties to better support foster parents and relative caregivers with the services needed to maintain stable placements and prevent the need for STRTC placement.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- Major initial investments in the tens of millions of dollars (General Fund*) annually over a number of years to local agencies for increased costs for activities such as comprehensive initial child assessments, recruitment, retention, and support services for home-based family care providers, increased services costs for higher rates for wraparound services, FFAs, and STRTCs, performance and outcome measurement and data collection, and accelerated statewide implementation of the RFA process.
- The 2015 Budget Act includes initial funding to support recommendations in the CCR report consisting of \$20.3 million (\$17.2 million General Fund) to

increase foster parent and relative caregiver recruitment, retention, and training efforts, and \$7.3 million (\$4.3 million General Fund) to fund a 15 percent increase in FFA social worker rates.

- Significant one-time and ongoing costs (General Fund) for the development of revised rate structures, multiple sets of regulations for new and revised licensing categories and RFA due process procedures, stakeholder workgroup activities, development and implementation of a system of governmental monitoring and oversight, the development of revised training curricula, and automation system changes.
- Significant one-time costs (General Fund) to DHCS to promulgate regulations regarding program standards, oversight, enforcement, and due process for the mental health certification of STRTCs and FFAs, and to collaborate with CDSS on a monitoring and oversight program.
- Major costs potentially in the millions to tens of millions of dollars (Federal Funds/Local Revenue Fund 2011(Behavioral Health Subaccount)) annually for increased EPSDT/specialty mental health services and administration for both new and existing cases, to the extent this bill's reforms result in more appropriate placements and assessments of need for children entitled to these services. Pursuant to 2011 Realignment, responsibility for specialty mental health and EPSDT services rests with the counties.
- Unknown, potentially significant future cost savings to the child welfare and juvenile justice systems to the extent the reforms result in better-informed and appropriate initial placements provided with targeted services, coupled with greater use of family-based care and declining use and duration of congregate care placements and costs, resulting in shorter and/or fewer stays in the child welfare and juvenile justice systems.
- Provides that to the extent this legislation has an overall effect of increasing the costs already borne by *a local agency* for programs or levels of service mandated by 2011 Realignment, it shall apply to local agencies only to the extent that the state provides annual funding for the cost increase.

SUPPORT:(Verified 9/25/15)

California Department of Social Services (source)
California Alliance of Child and Family Services
California Coalition for Youth
California State Association of Counties
California State PTA
California State Foster Parent Association

Chief Probation Officers of California
County Behavioral Health Directors Association of California
County of Yolo, Board of Supervisors
County Welfare Directors Association of California
National Center for Youth Law
Orange County Board of Supervisors
Youth Law Center

OPPOSITION: (Verified 9/1/15)

Beta Foster Care

ASSEMBLY FLOOR: 79-0, 6/3/15

AYES: Achadjian, Alejo, Travis Allen, Baker, Bigelow, Bloom, Bonilla, Bonta, Brough, Brown, Burke, Calderon, Campos, Chang, Chau, Chávez, Chiu, Chu, Cooley, Cooper, Dababneh, Dahle, Daly, Dodd, Eggman, Frazier, Beth Gaines, Gallagher, Cristina Garcia, Eduardo Garcia, Gatto, Gipson, Gomez, Gonzalez, Gordon, Gray, Grove, Hadley, Harper, Roger Hernández, Holden, Irwin, Jones, Jones-Sawyer, Kim, Lackey, Levine, Linder, Lopez, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Olsen, Patterson, Perea, Quirk, Rendon, Ridley-Thomas, Rodriguez, Salas, Santiago, Steinorth, Mark Stone, Ting, Wagner, Waldron, Weber, Wilk, Williams, Wood, Atkins

NO VOTE RECORDED: Thurmond

Prepared by: Sara Rogers / HUMAN S. / (916) 651-1524
9/25/15 13:58:07

**** END ****

CONCURRENCE IN SENATE AMENDMENTS

AB 403 (Mark Stone)

As Amended September 4, 2015

Majority vote

ASSEMBLY: 79-0 (June 3, 2015) SENATE: 40-0 (September 10, 2015)

Original Committee Reference: **HUM. S.**

SUMMARY: Implements Continuum of Care Reform (CCR) recommendations to better serve children and youth in California's child welfare services system. Specifically, **this bill:**

- 1) Declares legislative intent to improve the state's child welfare system by using comprehensive initial assessments of children, increasing the use of home-based family care and the provision of services and supports to families, reducing the use of congregate care placement settings, and creating faster paths to permanency to shorten the duration of a child's involvement in the child welfare and juvenile justice systems.
- 2) Sunsets, effective January 1, 2017, existing laws pertaining to group homes, including those permitting a group home to accept children assessed as being seriously emotionally disturbed (SED) and the existing rate classification structure. Provides for two-year conditional extensions to individual group homes and an interim rate structure, as specified.
- 3) Creates, as of January 1, 2017, a new licensure category of short-term residential treatment centers (STRTCs) as residential facilities that provide short-term, specialized and intensive treatment, and 24-hour care and supervision, to children in a structured environment, as specified. Requires STRTCs to have national accreditation from an entity identified by the Department of Social Services (DSS), as specified, and authorizes a county to operate an STRTC.
- 4) Permits STRTCs to have a program that is certified by the Department of Health Care Services (DHCS) or a county mental health plan, or a program that is not certified, or both. Provides that if the program does not have a certification, it shall solely serve children who are assessed as SED and as meeting Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program medical necessity criteria if it arranges for a Medi-Cal eligible child to receive EPSDT specialty mental health services, or other mental health services in all other cases.
- 5) Requires STRTCs that have a mental health certification to solely accept for placement children who do not require inpatient care in a licensed health facility, have been assessed as requiring the level of services provided in the facility to maintain the safety of the child or others, as specified, and who have been assessed as meeting the medical necessity criteria for specialty mental health services under the EPSDT program or have been assessed as being seriously emotionally disturbed, as defined.
- 6) Provides that STRTCs that do not have a mental health certification shall solely accept for placement children who do not require inpatient care in a licensed health facility, have been assessed as requiring the level of services provided in the facility to maintain the safety of the child or others, as specified, and who meet at least one of the following conditions:

- a) Have been assessed as meeting the medical necessity criteria for specialty mental health services under the EPSDT program;
 - b) Have been assessed as being seriously emotionally disturbed, as defined; or
 - c) Have been assessed as requiring the level of services to meet his or her specialized behavioral or therapeutic needs, as described.
- 7) Authorizes DSS to license a temporary shelter care facility operated by a county or agency on behalf of a county, and requires DSS to consult with counties operating shelters to develop a transition plan for the development of temporary shelter care facilities to address the unique circumstances and needs of the populations they serve, as specified.
- 8) Effective January 1, 2017, sunsets the existing rate-setting system for Foster Family Agencies (FFAs) and establishes an interim rate system for FFAs that have been granted an extension to operate, as specified.
- 9) Requires DSS to develop a new payment system for FFAs that provide treatment, intensive treatment and therapeutic foster care programs that considers federally eligible administrative activities, social work activities, social work and mental health services, as well as intensive treatment or therapeutic services, core services, staff training, licensing requirements, transition support services, a process for accreditation, mental health certification and populations served, as specified.
- 10) Requires FFAs to have national accreditation from an entity identified by DSS, as specified. Provides DSS the authority to extend provisional licenses for FFAs for up to two years, if it determines this additional time is required to secure accreditation.
- 11) Permits probation agencies to place a probation youth into a certified family home of an FFA.
- 12) Requires DSS, commencing January 1, 2018, and in consultation with the Chief Probation Officers of California, to assess the capacity and quality of placement options for probation youth in foster care, as specified. Further, requires DSS to provide an interim report to the Legislature no later than January 10, 2019, and a final report no later than January 10, 2021, to include specified data and indicate whether there is a continued need for probation placement in group homes.
- 13) Permits FFAs to have a program that is certified by DHCS or a county mental health plan, or a program that is not certified, or both, and specifies the children to whom mental health services can be provided.
- 14) Requires county probation departments to work with group home providers to develop STRTCs that meet the needs of probation-supervised youth in foster care and to work with FFAs to develop strategies to recruit, retain, and support specialized foster homes for probation youth. Additionally requires county probation departments to work with DSS on strategies to identify, engage, and support relative caregivers and to define probation youth outcome measures to be collected and analyzed to assess implementation of this act.

- 15) Prohibits DSS from establishing a rate for an STRTC or FFA that provides treatment services without a recommendation from the host or primary placing county that the program is needed and that the provider is willing and capable of operating the program at the level sought.
- 16) Requires DSS to provide available funding to counties for the purpose of recruiting, retaining, and supporting foster parents, relative caregivers, and resource families based on DSS approval of plans submitted by each county. Includes the following among the purposes for which that funding can be used: staffing, exceptional child needs, child care for caregivers, intensive relative finding, and other emerging outreach approaches to identify potential foster family homes, resource families, and relatives, as specified.
- 17) Sunsets existing foster parent training provisions, effective January 1, 2017, and replaces current statutory requirements with an annual training requirement of eight hours and other revised requirements and structure.
- 18) Revises and expands training for resource families by, among other things, adding and updating training topics to include: health issues in foster care and the administration of psychotropic and other medications; accessing education and health services available to foster children; cultural needs of children; and permanence and well-being needs of children. Replaces the training pertaining to emancipation and independent living skills with training on preparation for youth and young adults for a successful transition to adulthood.
- 19) Modifies and expands supports by: including among children and youth eligible for county wraparound services those who would otherwise, beginning January 1, 2017, be accepted for placement into a short-term residential treatment center; revising the current rate methodology for county wraparound services and codifying the rate (\$8,573/month), as well as indicating conditions under which the rate will be increased; and supporting children's connections with their families as a component of supporting foster parents.
- 20) Requires DSS to work with stakeholders, including other state departments, such as the Department of Health Care Services, legislative staff, counties, and advocates, to address critical issues in the initial and ongoing implementation of this act, as specified.
- 21) Establishes core services to be provided to children in the child welfare services system as services that encompass community services and supports, permanency-related services, medical and mental health support and access to services, educational support, life and social support, transitional support services upon discharge, biological parent and resource family supports, and services for nonminor dependents.
- 22) Defines the child and family team as a group of individuals who are convened by the placing agency and who are engaged through a variety of team-based processes to identify the strengths and needs of the child or youth and his or her family, and to help achieve positive outcomes for safety, permanency, and well-being. Requires the activities of the team to include, but not be limited to, providing input into the development of a child and family plan that is strengths-based, needs-driven, and culturally relevant, and providing input into the placement decisions made by the placing agency and the services to be provided in order to support the child or youth.

- 23) Requires DSS to develop a system of governmental monitoring and oversight of STRTCs and FFAs, including ensuring program conformity with federal and state laws through program, fiscal, and health and safety audits and reviews, which shall be carried out in coordination with the DHCS. Authorizes DSS to inspect FFAs and STRTCs according to the system developed.
- 24) Sunsets the operation and use of group homes as a placement option for children as of January 1, 2017, with the exception of group homes that have been granted an extension, as specified, for which operation cannot continue beyond January 1, 2019.
- 25) Revises the programs in which a child or non-minor dependent can be placed in order to be eligible for Aid to Families with Dependent Children-Foster Care (AFDC-FC) funds beginning January 1, 2017, except as specified until January 1, 2019, and includes among the allowed placement types a licensed FFA for placement into a certified or approved home, as specified, an STRTC licensed as a community care facility, as defined, an out-of-state group home meeting strict requirements, as specified, and a community treatment facility for children who are assessed as having an emotional disturbance, as specified.
- 26) Authorizes placement of a child or youth into a group home, as applicable, or an STRTC, only when the case plan indicates that placement is for purposes of providing short-term, specialized and intensive treatment for the child, the case plan specifies the need for, nature of, and anticipated duration of this treatment, and the case plan includes transitioning the child to a less restrictive environment and the projected timeline for doing so. Requires placements lasting longer than six-month to be documented, consistent with child and family team consideration requirements, and to be approved by the deputy director or director of the county child welfare department.
- 27) Requires DSS to establish a foster care rate for each community treatment facility program and requires all community treatment facility programs to be accredited by a nationally recognized accrediting entity identified by DSS, as specified, commencing January 1, 2017.
- 28) Requires DSS to publish and make available on its Internet Web site STRTC and FFA provider performance indicators beginning January 1, 2017, and at least annually thereafter.
- 29) Replaces numerous references to group homes in existing statute with references to STRTCs, including provisions related to administrative requirements for licensing, basic health and safety requirements, age requirements for individuals providing care and supervision, the placement of infants with their parents in care, and civil penalties and enforcement actions.
- 30) Requires DSS to work with counties that operate shelters, probation agencies, homeless shelter providers, residential education providers, and others to identify jointly developed alternative timeframes or criteria to be met in order to address the unique circumstances and needs of the populations they serve, while remaining consistent with the principles of this act. Specifically permits, as of January 1, 2017, the continued operation of facilities that were operating prior to January 1, 2015, that have a licensed capacity greater than 184, and that offer placements for the purpose of attending an onsite high school, provided these facilities submit a transition plan detailing how they will comply with the provisions of this bill within a timeframe approved by DSS, and provided they are appropriately licensed by DSS.

The Senate amendments:

- 1) Add to the plan of operation requirements for STRTCs and FFAs, as specified.
- 2) Revise the definitions of STRTCs, FFAs and core services, and revise the definition and function of the child and family team. Add to the child and family team definition regional center representatives when the child is eligible for regional center services.
- 3) Exempt temporary shelter care facilities, as defined, from the current statutory requirement that applications for licensure be denied when necessary to avoid overconcentration of residential facilities within a neighborhood, as specified.
- 4) Clarify forfeiture of license requirements for group homes that become temporary shelter care facilities, county-contracted temporary shelter care facilities upon termination of a county contract, and foster family homes that become approved resource families, as specified.
- 5) Revise training requirements for STRTC administrators and staff, licensed and certified foster parents, licensing program staff, caregivers and resource families, including more in-depth training for foster parents and resource families in special circumstances, such as caring for commercially sexually exploited children, probation youth, Indian children, and Lesbian, Gay, Bisexual, Transgender, Questioning youth.
- 6) Include STRTCs among the facilities available for temporary, emergency placements of children between six and 12 years of age, as specified.
- 7) Delete the nontreatment designation for FFAs, thereby only allowing DSS to establish a payment structure for FFAs that provide treatment, intensive treatment, and therapeutic foster care programs.
- 8) Require DSS, in consultation with the California State Foster Parent Association and other interested stakeholders, to provide information to the Legislature by January 1, 2017 regarding the availability of and cost for liability and property insurance covering acts committed by children in care.
- 9) Add requirements for county probation departments related to ensuring appropriate placement options exist for probation youth, including improved efforts to identify, engage, and support caregivers, as specified.
- 10) Increase from one year to two the amount of time for which DSS may authorize an interim rate and authority to operate for a group home or FFA that is seeking mental health certification or accreditation in order to be able to continue to operate, as specified.
- 11) Extend the sunset date for the residentially-based services program to January 1, 2017, and allows continued operation, upon DSS approval on a case-by-case basis, until January 1, 2019, consistent with group homes and FFAs.
- 12) Require, on and after January 1, 2017, that all licensed FFAs approve resource families in lieu of certifying foster homes and set forth new provisions related to the transition of a foster home to an approved resource family, as specified.

- 13) Set forth a criminal records clearance process for public and private FFAs approving resource families. Revise tribal authority to approve tribal homes and clarify provisions pertaining to criminal history checks for the approval of tribal homes.
- 14) Require DSS to provide periodic progress updates to the Legislature on the implementation of this bill.
- 15) Make other technical, clarifying changes consistent with the intent of this bill and non-substantive changes to avoid chaptering conflicts.

EXISTING LAW:

- 1) States that the purpose of foster care law is to provide maximum safety and protection for children who are being physically, sexually or emotionally abused, neglected, or exploited and to ensure the safety, protection, and physical and emotional well-being of children at risk of such harm. (Welfare and Institutions Code (WIC) Section 300.2)
- 2) Declares the intent of the Legislature to, whenever possible: preserve and strengthen a child's family ties, reunify a foster child with his or her relatives, or when family reunification is not possible or likely, to develop a permanent alternative. Further states the intent of the Legislature to reaffirm its commitment to children who are in out-of-home placement to live in the least restrictive, most family-like setting and as close to the child's family as possible, as specified. (WIC Section 16000)
- 3) Requires out-of-home placement of a child in foster care to be based upon selection of a safe setting that is the least restrictive or most family-like and the most appropriate setting available and in close proximity to the parent's home, the child's school, and best suited to meet the child's special needs and best interests. Further requires the selection of placement to consider, in order of priority, placement with relatives, nonrelated extended family members, tribal members, and foster family homes, certified homes of foster family agencies, intensive treatment or multidimensional treatment foster care homes, group care placements, such as group homes and community treatment facilities, and residential treatment, as specified. (WIC Section 16501.1(c)(1))
- 4) States the intent of the Legislature that no child or youth in foster care reside in group care for longer than one year. Further requires DSS to update the Legislature regarding the outcomes of assessments of children and youth who have been in group homes for longer than one year and the corresponding outcomes of transitions, or plans to transition them, into family settings. (WIC Section 16010.8)
- 5) Requires DSS to establish a working group, in consultation with stakeholders, charged with developing recommended revisions to the current rate-setting system, services, and programs provided by foster family agencies and group homes, as specified. Further requires the working group to consider, among other things, how to ensure the provision of services in family-like settings and submit a report on its recommendations to the Legislature by October 1, 2014. (WIC Section 11461.2)
- 6) Requires DSS, in consultation with county child welfare agencies and other identified stakeholders, to implement a unified, family friendly, and child-centered resource family approval process to replace the existing multiple processes for licensing foster family homes,

approving relatives and nonrelative extended family members as foster care providers, and approving adoptive families. Defines resource family as an individual or couple that a participating county determines to have successfully met both the home environment assessment and permanency assessment criteria, as specified, necessary for providing care for a related or unrelated child who is under the jurisdiction of the juvenile court, or otherwise in the care of a county child welfare agency or probation department. (WIC Section 16519.5)

- 7) Enumerates rights of minors and nonminors in foster care, including but not limited to the right to: live in a safe, healthy, and comfortable home where he or she is treated with respect; be free from physical, sexual, emotional, or other abuse, or corporal punishment; receive adequate and healthy food, adequate clothing, and, for youth in group homes, an allowance; receive medical, dental, vision, and mental health services; be involved in the development of his or her own case plan and plan for permanent placement; and review his or her own case plan and plan for permanent placement, if he or she is 12 years of age or older and in a permanent placement, and receive information about his or her out-of-home placement and case plan, including being told of changes to the plan. (WIC Section 16001.9)
- 8) States the intent of the Legislature that foster parents, and potential foster parents, receive training in order to assist them in being effective caregivers and to enhance the safety and growth of children placed with them. Further states the need to develop a basic curriculum, a program for continuing education, and specialized training for parents caring for children with unique needs. (Health and Safety Code (HSC) Section 1529.1)
- 9) Requires every licensed foster parent to complete a minimum of 12 hours of foster parent training, as specified, prior to any foster youth being placed with him or her. Further requires a licensed foster parent to complete at least eight hours of foster parent training, as specified, annually. (HSC 1529.2(b))
- 10) Requires DSS or its designee to perform initial and continuing inspections of out-of-state group homes in order to either certify that they meet all licensure standards required of group homes operated in California or that the department has granted a waiver to a specific licensing standard upon a finding that there exists no adverse impact to health and safety. (Family Code Section 7911.1)

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill may have the following fiscal impact:

- 1) Local child welfare and probation agencies: Major initial investments in the tens of millions of dollars (General Fund*) annually over a number of years to local agencies for increased costs for activities including but not limited to comprehensive initial child assessments, recruitment, retention, and support services (including staffing, training, specialized care, and child care) for home-based family care providers, increased services costs for higher rates for wraparound services, foster family agencies (FFAs), and short-term residential treatment centers (STRTCs), performance and outcome measurement and data collection, and accelerated statewide implementation of the Resource Family Approval (RFA) process.
- 2) 2015 Budget Act: Includes initial funding to support recommendations in the CCR report consisting of \$20.3 million (\$17.2 million General Fund) to increase foster parent and

relative caregiver recruitment, retention, and training efforts, and \$7.3 million (\$4.3 million General Fund) to fund a 15% increase in FFA social worker rates.

- 3) DSS licensing, oversight, and administration: Significant one-time and ongoing costs (General Fund) for the development of revised rate structures, multiple sets of regulations for new and revised licensing categories and RFA due process procedures, stakeholder workgroup activities, development and implementation of a system of governmental monitoring and oversight, the development of revised training curricula, and automation system changes. The magnitude and duration of these costs will be dependent on the complexity and structure of the processes developed, which are undetermined at this time.
- 4) DHCS administration: Significant one-time costs (General Fund) to promulgate regulations regarding program standards, oversight, enforcement, and due process for the mental health certification of STRTCs and FFAs that provide intensive or therapeutic treatment services, and to collaborate with DSS on a monitoring and oversight program.
- 5) EPSDT/specialty mental health services: Major costs potentially in the millions to tens of millions of dollars (Federal Funds/Local Revenue Fund 2011(Behavioral Health Subaccount)) annually for increased services and administration for both new and existing cases to the extent the bill's reforms result in more appropriate placements and assessments of need for children entitled to these services. Pursuant to 2011 Realignment, responsibility for specialty mental health and EPSDT services rests with the counties.
- 6) Long-term impact: Unknown, potentially significant future cost savings to the child welfare and juvenile justice systems to the extent the reforms result in better-informed and appropriate initial placements provided with targeted services, coupled with greater use of family-based care and declining use and duration of congregate care placements and costs, resulting in shorter and/or fewer stays in the child welfare and juvenile justice systems. This overall savings is predicated on numerous interdependent factors including but not limited to the availability of adequate capacity and quality of placement options for youth, the successful provision of services to meet the individual needs of each child, an effective system of monitoring and local interagency coordination to ensure identified services are being provided and transitions to home-based family care are made timely, the rates developed for STRTCs/FFAs and the number of group home placements from each rate classification level transitioned to the restructured rates, successful efforts to maximize federal financial participation, the ability of families to meet the specialized needs of this population, and performance measures and standards developed including data collection to enable analysis and accountability.
- 7) Proposition 30*: Provides that to the extent this legislation has an overall effect of increasing the costs already borne by a *local agency* for programs or levels of service mandated by 2011 Realignment, it shall apply to local agencies only to the extent that the state provides annual funding for the cost increase. Recognizing the wide variation between counties in geographic size, population of impacted children, and the level and costs of services and supports currently being provided, as well as the varying impacts and timing of this measure on local agencies within each county (including child welfare, county probation, county mental health), the point at which each local agency's overall costs may decrease will likewise vary. At this time, the methodology including baseline assumptions for calculating this "overall effect" pursuant to Proposition 30 is unclear.

- 8) Annual Transitional Housing Program-Plus Foster Care COLA: To the extent the specified provision in this bill is determined to codify existing law with regard to the rate structure established by the workgroup pursuant to WIC Sections 11402(b) and 11403.3(a)(1)(B), no new state costs.

COMMENTS: On January 1, 2015, there were 62,898 children in foster care in California. Approximately 35% of these youth were placed with relatives, non-relative extended family members, or in a tribe-specified home. Another 25% were placed with foster family agencies or foster family agency certified homes, and almost 9% were placed in foster family homes and small family homes. There were 3,796 children and youth placed in group homes. This bill establishes the framework for a sea change in how California provides treatment and services to children and families involved in the state's child welfare system.

Challenges within the current CWS system: There has been growing consensus in the field of child welfare, at both the national and state levels, that institutionalized settings for foster youth should be used sparingly. The placement of maltreated children in group home settings has been increasingly viewed as a temporary solution in instances where emergency or crisis treatment is warranted. Yet, as of January 2015, 48% of youth placed in group homes in California via the child welfare services (CWS) system had been there over two years, and 23% had been there over five years, indicating stays longer than what might have been necessary if appropriate, intensive treatments had been deployed upon placement.

Continuum of Care Reform: The Legislature has worked and continues to work with various entities in and around the CWS system to focus on family reunification and permanency by seeking ways to best address the needs of foster youth through less restrictive, more supportive placements and services. SB 1013 (Budget and Fiscal Review Committee), Chapter 35, Statutes of 2012, realigned CWS to counties, established a moratorium on the licensing of new group homes, and required DSS to convene a stakeholder workgroup. This workgroup was charged with examining the use of group homes in California and providing recommendations to the Legislature and the Governor on how to reform this use. In January 2015, DSS submitted the CCR workgroup report to the Legislature, which included general and fiscal recommendations, alongside recommendations on home-based family care, residential treatment, and performance measures and outcomes. The report reinforced the view that group home settings are best used sparingly and temporarily, stating that:

The foundation of [these] recommendations is that all children, including those in out-of-home care, deserve to grow up in families and develop a sense of community. Their families, including foster families, also at times need assistance and support to address stressors to avert crises. For those children and youth in crisis or whom otherwise initially cannot safely get the appropriate breadth and/or intensity of services they require in a family based setting, they can access high quality, short term, treatment oriented congregate care (which includes planning for a move to home-based family care as soon as reasonably possible).

Need for this bill: In addition to establishing logistical considerations for this restructuring of the CWS system (e.g., timeline for the implementation of new, short-term treatment oriented care models, phasing out of group home settings and their associated rate methodologies), this bill goes beyond what is written in current CWS law and how it is implemented across the state to

uphold the notion that every child has the right to be raised in a family instead of an institutional setting.

This bill seeks to focus necessary services on the needs of the child or youth while meeting those needs upfront rather than counting on the placement type to drive the decisions about services and causing a child or youth to "fail upwards" into higher levels of care. Overall, this bill promotes the direct relationship between the building up of a solid resource family capacity and decreased congregate care usage to establish a more supportive and cohesive approach to ensuring the state provides appropriate services to its vulnerable children and youth.

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