

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**CALIFORNIA NEEDS BETTER CONTROL
OVER THE OUT-OF-STATE PLACEMENT
OF DELINQUENT MINORS**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

P-535

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OUT-OF-STATE PLACEMENT OF DELINQUENT MINORS

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Auditor General

June 26, 1986

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Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the placement of delinquent minors in out-of-state facilities, especially those run by VisionQuest National, Ltd. The report indicates a need for better control over the expenditure of AFDC-FC funds for minors placed in out-of-state facilities and the need for the development of clear monitoring standards for counties to incorporate in contracts with out-of-state facilities so that the minors receive the same protection and services they would receive in California.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tom Hayes".

for
THOMAS W. HAYES
Auditor General

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SUMMARY

RESULTS IN BRIEF

California counties have spent more than \$15 million in Aid to Families with Dependent Children-Foster Care (AFDC-FC) funds for approximately 500 minors placed in two out-of-state facilities: approximately \$2.7 million for minors placed in Rite of Passage, Inc., a Nevada facility; and over \$12.5 million for minors placed in VisionQuest National, Ltd., (VisionQuest), whose headquarters are in Arizona. We reviewed California's procedures for placing delinquent minors in out-of-state facilities generally and in VisionQuest in particular, and we determined that the State needs to improve its control of AFDC-FC funds spent on out-of-state placements. Furthermore, not all California minors in out-of-state facilities are protected by the standards and regulations that protect minors placed in licensed facilities within the State.

BACKGROUND

California courts have placed approximately 500 delinquent minors in two out-of-state facilities. Most of these placements have been made to VisionQuest, an Arizona-based program that operates group homes, wilderness camps, and wagon trains. The Department of Social Services (department) is responsible for licensing community care facilities in California, for setting rates they may charge for services to minors, and for monitoring their programs. However, the department cannot set rates for out-of-state facilities in which minors are placed and relies on the counties to monitor the out-of-state facilities. Although the department is not responsible for controlling the rates of out-of-state facilities or for monitoring their programs, it is responsible for the appropriate use of AFDC-FC funds.

PRINCIPAL FINDINGS

The State Needs To Improve Its Control of Expenditures for Minors Placed in Out-of-State Facilities

State law stipulates that a minor who is placed by the court in a group home is eligible for AFDC-FC funding only if the group home is licensed. However, California minors have been placed in a VisionQuest wilderness camp and on wagon trains when these facilities were not licensed. We cannot determine the total amount of inappropriate expenditures because data on the specific locations of California minors at all times are not readily available. California minors have also been placed in VisionQuest facilities at times when it was not clear whether or not the facilities were licensed.

Furthermore, AFDC-FC funds supported four youths who remained in VisionQuest past their 18th birthdays, even though AFDC-FC educational requirements were not being met. At least \$75,600 was inappropriately spent for these youths.

Because the State does not audit VisionQuest and cannot control the rates the State pays for California minors, the State cannot determine if it spends funds for costs that are unreasonable or would not be allowed a similar facility that is licensed and operating in California. Furthermore, the State has not clearly determined which minors in out-of-state facilities are eligible for the rate set by the state in which the facility is located.

The State Has Not Ensured
Consistent Standards for
Monitoring Minors Placed
in Out-of-State Facilities

Not all minors placed in out-of-state facilities are protected by the standards and regulations that protect California minors placed in licensed facilities within the State. Since the State cannot license and inspect out-of-state facilities, it has relied on county probation departments to administer interstate agreements and to monitor out-of-state placements if the receiving state cannot monitor them. Although Arizona has not been able to monitor California minors in VisionQuest, not all contracts between VisionQuest and California counties guarantee adequate protection of the minors' health and safety. Also, since contracts with VisionQuest differ from county to county, the contracts are not consistent in their provisions for education and for liability insurance.

Since the State has not developed consistent standards for counties to incorporate into contracts with out-of-state facilities, minors in out-of-state facilities may not be protected by the laws that protect minors placed in California.

RECOMMENDATIONS

The Department of Social Services should take the following actions:

- Withdraw state AFDC-FC funds for minors placed in facilities that are not licensed and that do not always provide the education and vocational training required for AFDC-FC eligibility for youths over 18;
- Clarify the terms under which minors may be placed in out-of-state facilities;
- Establish guidelines for evaluating and monitoring the facilities' programs and for standardizing the counties' contracts with out-of-state facilities; and

- Audit the out-of-state facilities to determine compliance with AFDC-FC eligibility requirements and to ensure the reasonableness of their fees. If the rates are found to be unreasonable, the department should recommend legislation to amend the law to allow the department to set rates for minors placed in out-of-state facilities.

AGENCY COMMENTS

Department of Social Services

The Department of Social Services agrees that state AFDC-FC funds should be withdrawn for minors who are placed in unlicensed facilities or do not meet AFDC-FC eligibility requirements. The department also agrees that AFDC-FC funding should not be provided for those youths who are not provided the educational or vocational training required for continued AFDC-FC eligibility after age 18. In addition, the department said that it will assure that counties monitor their placements to assure that regulations governing youths over 18 are met.

The department does not agree that it needs to clarify the guidelines for counties to use in evaluating educational requirements for AFDC-FC eligibility, establish health and safety standards that counties must include in contracts with out-of-state facilities, or establish monitoring standards. The department also told us that determining the reasonableness of out-of-state rates is costly and inefficient and that it is unable to determine whether a minor is a "California Youth Authority alternative" because the state judicial court system has not provided the necessary information to the department.

VisionQuest

VisionQuest said that it will fully cooperate with the department to address our recommendations. Further, VisionQuest intends to continue working with the department to license and operate VisionQuest in California, thereby avoiding the issues that we have discussed with regard to out-of-state placements.

INTRODUCTION

Juveniles under the age of 18 who commit crimes in California fall under the jurisdiction of the juvenile court system. Before the case is heard, a county probation officer prepares a study of the minor that includes information that is pertinent to the disposition of the case. The probation officer also recommends a disposition of the case. When the minor is found to have violated laws that define a crime, the court may adjudge the minor a ward of the court and make reasonable orders for his or her care, supervision, custody, and support. The judge may place the minor on probation or may order the minor removed from the custody of his or her parents and placed under the supervision of a county probation officer. The probation officer may place the minor in the home of a relative or in a suitable licensed facility, a juvenile home, a ranch, or a camp facility. The judge may also commit the minor to the California Youth Authority (CYA) or order the minor to participate in a work program.

Standards for Private California Residential Care Facilities

In 1973, California enacted the California Community Care Facilities Act to establish a coordinated and comprehensive system of nonmedical residential care for minors who need care and supervision. The intent of the act is to ensure that minors in need of care and supervision in California are served by licensed residential care facilities that are adequate, safe, and sanitary and that meet

established health and safety standards. The Department of Social Services (department), as the department responsible for administering the California Community Care Facilities Act, is required to license, inspect, and set rates for residential care facilities in California. In addition, the department investigates complaints against licensed facilities. If the facility fails to comply with licensing laws and regulations, the department can initiate administrative action to protect the health and safety of minors. Minors who are placed by the probation department in licensed residential care facilities within California are protected by the provisions of the California Community Care Facilities Act.

Standards for Out-of-State Facilities

Provisions of the California Civil Code regulate the placement of minors in facilities outside California. The Interstate Compact for the Placement of Children (ICPC)--contained in Part 3, Title 4, of the California Civil Code--is an agreement among all states that have enacted similar laws to ensure that minors placed outside their home state are placed in appropriate facilities and are properly supervised. The ICPC stipulates that any court with the authority to place delinquent minors may place the minor in a facility in another state if the minor is given a court hearing before being sent to the other state; if the court finds that equivalent facilities for the minor are not available in the jurisdiction of the agency making the placement; and if institutional care of the minor in the other jurisdiction is in

the best interest of the minor and will not produce undue hardship. The court placing the minor out of state retains jurisdiction over the minor.

The ICPC requires supervision of minors placed in another jurisdiction. The state in which the minors are placed must approve the placements of minors in that state and indicate whether or not it can supervise the minors as required by the ICPC. At all times, however, the responsibility for ensuring that minors are supervised remains with the sending state.

Funding for Minors Placed in Private Facilities

Funding from the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program is available for minors who have been removed from the custody of their parents and placed in licensed private facilities, in the home of relatives, or in the home of an unrelated legal guardian. The department, which is responsible for administering AFDC-FC funds, has also established other requirements that must be met before a minor can be considered eligible for AFDC-FC funds. When a minor is placed in a facility, the probation department must submit the AFDC-FC application and the court order to the county department of social services so that the minor's eligibility for AFDC-FC funds can be determined. Although the county departments of social services actually determine eligibility, the State's Department of Social Services establishes and interprets the AFDC-FC eligibility requirements.

The federal, state, and county governments contribute to AFDC-FC funding. Federal funds supply 50 percent of the costs for minors who meet federal eligibility criteria, the State provides 47.5 percent, and the county pays the remaining 2.5 percent. However, when minors are placed in private, for-profit facilities, federal funds are not available. In these cases, state funds cover 95 percent of the total cost, and the county pays 5 percent.

Through its rate-setting procedures, the department establishes rates for licensed in-state facilities based only on actual allowable costs, which include the reasonable cost of providing food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance, and the minor's travel home for visits.

Out-of-State Programs
Used by California Counties

Approximately 5,900 California delinquent minors were in court-ordered placements when we conducted our survey of county probation departments in February 1986. Forty-two of the 58 counties in California limit their placement of delinquent minors to facilities within their own counties or within California. At the time of our survey, the remaining 16 counties, which had approximately 2,900 delinquent minors in placement, had 157 (6 percent) of these minors in out-of-state programs. Approximately 87 percent of the minors placed outside California were in one of two programs. VisionQuest National,

Ltd. (VisionQuest), a private, for-profit program with headquarters in Tucson, Arizona, had 82 (52 percent) of these minors, and Rite of Passage, Inc., a private, nonprofit program operating in Nevada, had 54 (34 percent) minors.

VisionQuest, founded in 1973, provides care for minors who are referred by juvenile courts, probation departments, or county departments of social services. VisionQuest is divided into east and west regions that serve their respective parts of the country. As of May 1986, the west region had 139 minors, 95 of whom were from California.

VisionQuest uses residential group homes, wilderness facilities, and wagon trains to care for minors. When the minors first arrive at VisionQuest, they are usually placed in VisionQuest's wilderness camp. Minors usually spend three months at the camp to prepare for a "quest," a wilderness experience that may include hiking, horseback riding, or a bicycle trip across many states. According to a teacher at the wilderness camp, the educational program at the wilderness camp emphasizes learning appropriate classroom behavior as well as basic academic skills.

After completing the wilderness camp program, minors are assigned to either a quest or a wagon train. They remain on the wagon train until they have completed approximately 2,000 miles of travel through many states, which usually takes three to four months. The

wagon train, which consists of five to eleven wagons pulled by mules, also includes support vehicles such as a school bus that has been transformed into a classroom.

In both the wilderness camp and on the wagon train, the minors live with staff houseparents in tents called "tipis." On the wagon train, each tipi family is responsible for a wagon and its animals. Much of the group and individual counseling takes place in the tipi family.

Minors may move on to the residential group homes after completing the wagon train program and other wilderness programs. In the residential group homes, live-in staff supervise and counsel the minors, who are nearing the end of their commitment in VisionQuest. While they are in the residential group homes, the minors may be enrolled in an educational or vocational program.

Rite of Passage, first licensed in 1984, also serves minors referred by juvenile courts, probation departments, or social services departments. This program runs a wilderness camp on the Walker River Indian Reservation and traditional group homes in Nevada. When minors complete the wilderness program, they are transferred to group homes. After completion of the program in the group homes, the minors are either reunited with their families or "graduate" to group homes in California. The wilderness camp and the Nevada group homes are licensed by the Washoe Indian tribe; the group homes located in California are licensed by California.

The following table summarizes the number of California minors who have been placed in VisionQuest and Rite of Passage from Alameda, San Diego, and other counties. In addition, the table shows the total number of California minors placed in these two out-of-state programs from Alameda, San Diego, and other counties since the counties began using the programs. (See Appendix B for a summary of expenditures for VisionQuest and Rite of Passage by county.)

TABLE 1

**SUMMARY OF PLACEMENTS IN
VISIONQUEST AND RITE OF PASSAGE
MAY 1981 THROUGH FEBRUARY 1986**

	<u>Present Out-of-State Placements</u>	<u>Cumulative Out-of-State Placements</u>
<u>VisionQuest placements</u>		
San Diego County	34	300
Alameda County	41	89
Other counties	<u>7</u>	<u>9</u>
Total	<u>82</u>	<u>398</u>
<u>Rite of Passage placements</u>		
San Diego County	14	18
Alameda County	12	27
Other counties	<u>28</u>	<u>56</u>
Total	<u>54</u>	<u>101</u>
Total minors placed in VisionQuest and Rite of Passage	<u>136</u>	<u>499</u>

Source: Responses to the questionnaire that we sent to the county probation departments and that were returned between February and March 1986.

San Diego County began placing minors in VisionQuest in May 1981 and has placed approximately 300 minors in the program at a cost of over \$10.2 million in AFDC-FC funds. At the time of our survey, San Diego County had 34 minors in VisionQuest. Alameda County has been placing minors in VisionQuest since April 1984 and has placed a total of 89 minors. The total cost in AFDC-FC funds for Alameda County minors placed in VisionQuest exceeds \$2 million. At the time of our survey, 41 Alameda County minors were in VisionQuest. Appendix A contains additional information from our survey about the out-of-state placement of California minors; Appendix B shows expenditures for minors in VisionQuest and in Rite of Passage.

SCOPE AND METHODOLOGY

The purpose of this audit was to evaluate the State's placement of minors in out-of-state foster care programs, especially the VisionQuest program.

To determine the standards for placing delinquent minors in facilities outside California and to determine the requirements for receiving Aid to Families with Dependent Children-Foster Care (AFDC-FC) funding, we interviewed officials, reviewed records of the California Department of Social Services, and reviewed California laws and regulations.

We interviewed presiding juvenile court judges in two California counties. In addition, we reviewed records and interviewed officials and staff of county probation and social services departments.

To familiarize ourselves with how the VisionQuest program works, we visited VisionQuest's wilderness camp, wagon train, learning center, and two group homes in its west region. We reviewed records and interviewed VisionQuest staff and California minors placed in VisionQuest programs. We did not attempt to measure the relative effectiveness of the VisionQuest program. The Rand Corporation, under a grant from the U. S. Department of Justice, is assessing the effectiveness of several private sector corrections programs, one of which is VisionQuest; however, its report was not finished by the completion of our audit.

We contacted Arizona's Department of Economic Security to determine Arizona's procedures and requirements for licensing facilities for minors, for setting rates, and for administering the Interstate Compact for the Placement of Children (ICPC). We also contacted Arizona's Department of Education to determine if the department monitors the education of California minors in VisionQuest.

In addition, we contacted New Mexico's Department of Human Services to determine New Mexico's practices for administering the ICPC, and we contacted New Mexico's Department of Health and

Environment to determine the licensing status of VisionQuest's wilderness camp formerly located near Silver City, New Mexico.

We contacted ICPC offices in 14 states to determine whether those offices approve or monitor minors on VisionQuest's wagon trains when the trains travel through their states.

Finally, we sent a questionnaire to all 58 California counties to determine how many have placed minors in facilities outside California, what the counties' policies are in regard to out-of-state placement of minors, and the average monthly cost of each county's out-of-state placements.

AUDIT RESULTS

I

THE STATE NEEDS TO IMPROVE ITS CONTROL OF EXPENDITURES FOR MINORS PLACED IN OUT-OF-STATE FACILITIES

State law stipulates that a delinquent minor who is placed by the courts in a group home is eligible for Aid to Families with Dependent Children-Foster Care (AFDC-FC) funding only if the group home is licensed. However, California minors were in VisionQuest's wilderness camp in Silver City, New Mexico, when this facility was not licensed and have been on VisionQuest's wagon trains when they travel outside Arizona and are not licensed. As a result, some AFDC-FC expenditures were not appropriate. However, we cannot determine the amount of inappropriate expenditures because data on the specific locations at all times of California minors are not readily available in county or VisionQuest records. In addition, it is not certain whether some VisionQuest facilities in Arizona were licensed before January 1985, when Arizona issued a separate license for the wilderness camps and wagon trains. Furthermore, counties inappropriately spent \$75,600 in AFDC-FC funds for four youths who were retained in VisionQuest past their 18th birthdays and were not receiving the education required for continued AFDC-FC eligibility.

Furthermore, the Department of Social Services (department) does not audit VisionQuest and, under current law, cannot control rates

charged by out-of-state facilities. In addition, the State has not clearly determined which minors placed in out-of-state facilities are eligible for the rate set by the state in which the facility is located.

The State Paid AFDC-FC Funds for Minors
in Unlicensed Facilities and in
Facilities That Were Not Clearly Licensed

Section 11402 of the Welfare and Institutions Code requires minors who are not placed with relatives or unrelated legal guardians to be placed in licensed facilities to be eligible for AFDC-FC funding. This requirement allows California to control the expenditure of AFDC-FC funds. When minors are placed out of state through the Interstate Compact for the Placement of Children (ICPC), California accepts the provisions of the ICPC and the applicable laws of the state where the minors are placed.

Arizona's Department of Economic Security (DES) is responsible for licensing facilities for delinquent minors in Arizona. According to a licensing specialist in Arizona's DES, Arizona issues a separate license for and inspects each group home annually. Since 1973, the DES has licensed several of VisionQuest's group homes in Tucson; however, the DES did not license VisionQuest's wilderness camp founded in 1978 in Silver City, New Mexico because Arizona does not have jurisdiction in New Mexico. New Mexico did not license this wilderness camp either. Between 1982 and 1984, New Mexico did license a VisionQuest building

located at the Silver City wilderness camp as a group home for only three minors. The chief of the licensing bureau in New Mexico's Health and Environment Department (HED) stated that New Mexico did not license VisionQuest's Silver City wilderness camp because New Mexico's HED does not have the authority to license wilderness programs.

In addition, Arizona's DES does not license VisionQuest's wagon trains when they are outside Arizona. Since November 1984, Arizona has attached the following statement to each ICPC agreement, clearly stating that it does not license VisionQuest's programs outside Arizona:

The sending state acknowledges, that while the State of Arizona may approve the Interstate compact of the placement of a child, the child may reside and/or travel outside Arizona for significant periods of time while participating in the VisionQuest high impact programs including, but not limited to, the Wilderness Experience, the Wagon Train and/or OceanQuest.

Arizona does not supervise, monitor, nor license these programs while they are outside Arizona State Boundaries.

California counties certify that VisionQuest is licensed and that the minors placed in VisionQuest meet eligibility requirements for AFDC-FC funding. However, according to the statement Arizona attaches to ICPC agreements, Arizona does not license VisionQuest's programs while they are outside Arizona. During 1985, VisionQuest's wagon train operated outside Arizona for at least five consecutive months; in December 1985, there were 21 California minors on the wagon train.

Although courts have the authority to place minors in unlicensed facilities, California minors placed in out-of-state group homes must be placed in licensed facilities to be eligible for AFDC-FC funding. The department is responsible for controlling AFDC-FC funding, and the county departments of social services must ensure that requirements for eligibility for AFDC-FC funding, such as placement in a licensed facility, are met. When California minors were in VisionQuest's programs outside Arizona, they were in unlicensed facilities. Therefore, the department inappropriately spent AFDC-FC funds for these minors. We cannot determine how much of the \$12.5 million in AFDC-FC funds for California minors placed in VisionQuest was spent inappropriately because data on the specific locations of the minors at all times is not readily available.

Some VisionQuest Facilities in Arizona
Were Not Separately Licensed Before 1985

It is not clear whether VisionQuest's wagon trains and wilderness camps in Arizona were licensed before January 1985. At that

time, according to the Manager of the Licensing and Contracting Unit of Arizona's DES, the DES implemented Arizona's Mobile Program Agency Licensing Standards and licensed the wagon trains and wilderness camps as facilities separate from VisionQuest's group homes in Tucson. Since January 1985, the wilderness camps and wagon trains in Arizona have been inspected and licensed annually in accordance with Arizona's regulations for mobile programs.

Before 1985, the DES did not issue a separate license for the wilderness camps and the wagon trains. To clarify the relationship between the Arizona DES and VisionQuest's wagon trains and wilderness camps, the deputy director of Arizona's DES wrote to the department in November 1981 that his department viewed "these programs as being 'licensed' by the State of Arizona." In a later letter to the department in January 1982, the deputy director of Arizona's DES stated that the DES was writing regulations specifically for "wagon train-type" programs. He pointed out that the wagon train was subject to the appropriate sections of the Arizona Group Care Agency Licensing Standards such as those regulating the screening and fingerprinting of staff.

Apparently, relying on his contact with Arizona's DES, the director of the department stated in a letter to VisionQuest's attorney dated January 22, 1982, that, when the department received written confirmation of the standards used by Arizona as well as the monitoring procedures Arizona applied to group homes, he would approve retroactive

payment for 45 minors placed in VisionQuest. In addition, he stated that payment for future placements depended on two criteria: that all future placements be made through the ICPC and that all placements be made into "the 'mother' group home facility." Because the department did not define mother group home facility, we were unable to determine if the department's criteria meant that the minors should be initially placed in VisionQuest's group homes in Tucson.

In a letter dated February 3, 1982, an Arizona DES licensing consultant indicated that VisionQuest's programs other than its group homes in Arizona were not licensed. His letter to VisionQuest stated, "This license is for the residential program in the State of Arizona. VisionQuest programs in other states and programs operated by VisionQuest Ltd., are not covered by this group home agency license."

Our review of VisionQuest files indicated that, from October 1981 through July 1984, California minors were initially placed in either a wilderness camp or a wagon train. During this time, VisionQuest's wilderness camp was located in Silver City, New Mexico, and was not licensed by the State of New Mexico. In December 1984, VisionQuest moved the minors from the wilderness camp in New Mexico to the wilderness camp in Elfrida, Arizona, which was not licensed until January 1985 when Arizona's DES implemented its Mobile Program Agency Licensing Standards. From 1981 through 1984, VisionQuest's wagon trains traveled through many states. For example, in 1982, the wagon train traveled through Montana, Oregon, Washington, and California.

California minors placed in group homes are eligible for AFDC-FC funding only if the group homes are licensed. Because neither Arizona nor New Mexico licensed VisionQuest's wilderness camp in Silver City, New Mexico, AFDC-FC funding of California minors placed in this facility was inappropriate. In addition, AFDC-FC funding to support California minors traveling on wagon trains outside Arizona is inappropriate. Furthermore, since Arizona did not issue a separate license for the wilderness camp and wagon train facilities until January 1985 when Arizona implemented its Mobile Program Agency Licensing Standards, it is uncertain whether these programs were licensed in Arizona as extensions of VisionQuest's group homes before January 1985. Therefore, AFDC-FC funding of California minors in wilderness programs in Arizona before 1985 is questionable.

AFDC-FC Funds Inappropriately
Spent for Some Youths Over 18

According to Section 11403 of the Welfare and Institutions Code, minors who are in a placement, receiving AFDC-FC funds, and attending high school or receiving vocational or technical training full time before their 18th birthdays may continue to receive AFDC-FC funds after their 18th birthdays under certain conditions. The youths must continue to reside in the placement, must remain otherwise eligible for AFDC-FC payments, and must continue to attend high school or the equivalent level of vocational or technical training full time. In addition, the youths must be receiving educational or vocational training that they can reasonably be expected to complete before their 19th birthdays.

Sixty-eight youths committed to VisionQuest--48 youths from San Diego County, 19 from Alameda County, and one from Yolo County--remained one month or more at VisionQuest after their 18th birthdays. We examined the education files of 25 of the youths who remained at VisionQuest at least three months after their 18th birthdays.

Four of the 25 youths in our sample were not enrolled in programs that they could reasonably be expected to complete by age 19. For example, one youth, who continued in VisionQuest for nearly eight months past his 18th birthday, expressed a desire to prepare for the General Educational Development (GED) test. Passing this test would have qualified him for an Arizona High School Certificate of Equivalency. However, the youth's discharge summary states that, during the five months before he was discharged, he maintained animals and completed chores but was not studying for the GED test. In addition, the youth's achievement scores, according to VisionQuest's records, showed that he was from five to eight years below grade level and that his math and reading abilities were below the level necessary to take the GED test. We could find no indication in the youth's file that he was enrolled in either an academic or a vocational program that he could finish before age 19.

Another youth remained in VisionQuest for eight months past his 18th birthday. The court requested that the youth be transferred from the wagon train to a treatment program that provided more educational and vocational training. VisionQuest at first complied

with the court's request by transferring the youth to VisionQuest's residential program. However, VisionQuest later transferred the youth to a wilderness camp because the youth adjusted slowly to the residential program. According to VisionQuest's records, after he was transferred to the wilderness camp, the youth was paid for supervising other workers in the kitchen. According to the youth's discharge summary, he took his GED predictive test; however, his low scores indicated that he would not succeed if he took the actual GED test. There were neither transcripts nor attendance records in his file; therefore, we could not verify that this youth was in school full time after his 18th birthday and enrolled in an educational or vocational program as required for AFDC-FC funding.

The discharge summary for a third youth, who continued in VisionQuest for six months past his 18th birthday, recommended that, after his discharge, the youth "attend a vocational program with a GED test direction." This recommendation indicates that he did not take the GED test while at VisionQuest. We could find no evidence in his education file that he was participating either in a vocational program or in a GED study program that would lead to a diploma or certificate before age 19. We found no school attendance records in his file.

The education file of a fourth minor, who remained in VisionQuest for more than eight months after his 18th birthday, did not provide evidence that he was preparing for the GED test or that he was in a vocational program leading to a certificate. Although the

education file indicated that the minor had the opportunity to acquire basic skills in carpentry, painting, and roofing, a letter from VisionQuest to the youth's probation department stated that he was continuing to prepare for the GED test and that he planned to complete the test before his 19th birthday. At about the same time, however, several internal VisionQuest reports on the youth's educational status indicated that the youth would not be able to obtain a GED certificate. We found no attendance records in his education file.

Since some youths who remain in VisionQuest past their 18th birthdays are not enrolled in school full time in an educational or vocational program they can reasonably be expected to complete before their 19th birthdays, some of California's AFDC-FC funds are being spent on youths who do not meet eligibility requirements. Although actual cost records were unavailable, we estimate that California counties paid \$487,700 for the continued placement of the 25 youths in our sample after their 18th birthdays. Of this amount, approximately \$75,600 (15.5 percent) was spent inappropriately for four youths who were not receiving the educational or vocational training required for continued AFDC-FC funding.

California lacks control over AFDC-FC funds that are being spent for youths over 18 who do not meet the eligibility requirements because the department has not provided standards or guidelines for counties to use to determine whether facilities are providing the education required for continued AFDC-FC eligibility.

Each county's department of social services determines what verification is required to ensure that youths over 18 who are being supported with AFDC-FC funds continue to meet the eligibility requirements. Periodically, social workers or probation officers submit verification to the counties' departments of social services that the minors and youths meet eligibility requirements. In addition, the departments of social services in Yolo, Alameda, and San Diego counties require the school in which the youth is enrolled to complete a school verification form at least twice a year. Although these forms are not standardized, each county requires the school to state that the youth is enrolled full time in an educational or vocational program that he or she will complete by age 19. The school, not the department, defines "full time" status and establishes attendance requirements.

According to the staff we interviewed in the county departments of social services, probation officers for the youths in VisionQuest use their own judgment to determine whether the vocational or educational programs are appropriate or whether a youth can reasonably be expected to complete the program before he or she is 19. However, the department has not established any criteria by which the probation officers can determine whether or not an educational or vocational program meets AFDC-FC eligibility requirements. The only restrictions on educational programs established by the department are that a youth may not be enrolled in a correspondence course or in a program leading to a college degree.

The Department Does Not Audit
VisionQuest and Cannot
Set VisionQuest's Rates

Section 11462.1 of the Welfare and Institutions Code permits the department to perform audits of all group homes that are licensed and located outside California and that receive AFDC-FC funds for minors who otherwise would have been committed to the California Youth Authority (CYA). Section 11462 of the Welfare and Institutions Code grants the department the authority to establish rates for AFDC-FC payments based on actual allowable costs. However, for minors placed in a licensed group home outside California who would otherwise be placed in the California Youth Authority, Section 11462.1 requires California to pay the rate established by the rate-setting authority of the state in which the facility is located.

Between August 1981 and February 1986, California spent over \$12.5 million for minors placed in VisionQuest; however, the department has not exercised its authority to audit VisionQuest and other out-of-state facilities. According to the chief of the department's Foster Care Rates Bureau, California does not audit out-of-state facilities. In selecting facilities to audit, the Fraud and Audits Branch obtains from the department's Foster Care Rates Bureau a list of facilities for which the department sets rates and selects from this list the facilities to audit. Since the department does not set VisionQuest's rates, VisionQuest has never appeared on this list;

therefore, it has never been audited. Unless the department changes its procedures for selecting facilities to audit, it will not audit any out-of-state facilities.

The chief of the department's Foster Care Rates Bureau advised us that the basic objective in auditing facilities that receive AFDC-FC funds is to ensure that the facility's rate is based only on allowable costs and that AFDC-FC funds have not been spent on items that are not allowable under the law. Since California has no authority to set rates outside California, even if the department did audit out-of-state facilities, it could not adjust rates that it found to be unreasonable. Therefore, the department has concluded that it has no reason to audit these facilities.

In Arizona, where VisionQuest's headquarters is located and its facilities are licensed, the Department of Economic Security (DES) establishes rates for agencies providing care for minors. Under Arizona's regulations, an agency that receives Arizona funds must submit a budget and other financial data to the DES before the DES can establish the facility's rate. According to the manager of the DES' Licensing and Contracting Unit, the DES reviews the data and previous audits of the agency and then negotiates a reasonable rate that the agency can charge for minors receiving Arizona funds.

The manager of the Licensing and Contracting Unit of the DES stated, however, that Arizona exempts VisionQuest from this

rate-setting process because Arizona agencies do not regularly use VisionQuest. Instead, VisionQuest, which operates as a fee-for-service facility, advises the DES of its rate and requests that the DES accept it. For example, VisionQuest raised its rate, effective February 1, 1986, from \$2,707 to \$2,950 per minor per month and the DES accepted the new rate. According to the manager, the DES does not review rate increases proposed by VisionQuest. For facilities like VisionQuest that Arizona does not regularly use for placement, Arizona negotiates individual contracts and does not require the facilities to submit any financial data to the DES for review.

According to Section 11462.1 of the Welfare and Institutions Code, the State must pay the group home the rate established by the state in which the home is located for minors who would otherwise be placed in the CYA. However, it is not clear which minors qualify for this rate. According to the chief of the department's Adult and Foster Care Program Management Branch, the State has not defined "youth authority alternative." Furthermore, it is not clear how much the State should pay for minors placed in out-of-state facilities who would not otherwise have been sent to the CYA.

For example, until February 1984, San Diego County used AFDC-FC funds to support ten dependent minors in VisionQuest. Unlike the delinquent minors, minors adjudicated as dependent have not committed crimes; the dependent minors may have come to the attention of the juvenile court because they have been abandoned, neglected, or

abused. San Diego County no longer sends dependent minors to VisionQuest because the department advised San Diego that the dependent minors in VisionQuest were not eligible for AFDC-FC funding. However, AFDC-FC funds are used to support dependent minors placed in Rite of Passage in Nevada. According to our estimates based on information received from the department, as of March 1986, approximately \$140,000 in AFDC-FC funds has been used to support six dependent minors placed in Rite of Passage.*

Until the State clarifies which minors qualify for the established rate for out-of-state placement because these minors would otherwise have been placed in the CYA, the State may be inappropriately spending AFDC-FC funds. Furthermore, the State has not clarified the rate that should be paid for minors who would not have been sent to a CYA facility and are placed in VisionQuest or other out-of-state facilities.

Moreover, because the department does not audit the VisionQuest program, neither the department nor the counties have enough information to evaluate the reasonableness of VisionQuest's fee.

*In response to our draft report, San Diego County Department of Social Services' staff indicated that the county has reviewed the rate set for Rite of Passage and ensured that only allowable costs, under California law, are included in the rate.

II

THE STATE HAS NOT ENSURED CONSISTENT STANDARDS FOR MONITORING MINORS PLACED IN OUT-OF-STATE FACILITIES

The department protects the health and safety of minors placed in California facilities through its authority to license, inspect, and impose sanctions on these facilities. The department also relies on the California Department of Education to supervise the education of minors placed in California facilities by requiring school districts to develop special education plans for the minors and by monitoring special education programs.

The department has depended upon the county probation departments to administer interstate agreements and monitor minors placed in VisionQuest facilities if the receiving state cannot monitor them. However, the department has not established clear monitoring standards and has not required the counties to incorporate them into contracts with out-of-state facilities. Therefore, not all California minors in out-of-state facilities are protected by the standards and regulations that protect California minors placed in licensed facilities within the State.

Standards for Monitoring Delinquent
Minors Placed in California Facilities

California can ensure the health and safety of minors placed in facilities within the State through its authority to license and inspect facilities and impose sanctions. Under Sections 1505 and 1508 of the Health and Safety Code, residential facilities for delinquent minors, with certain exceptions, must be licensed. The department's Community Care Licensing Division (division) inspects all facilities before they are first licensed. Thereafter, the division inspects the facilities annually to determine if they continue to comply with pertinent laws and regulations. In addition, the department investigates complaints by neighbors and others against the facilities. Placement agencies, such as probation departments, visit any minors placed in the facilities at least once every six months. During their visits, the probation officers may notice violations of the licensing laws or regulations and can report violations or problems that could jeopardize the health and safety of the minors in the facilities to the division. If the division substantiates the complaints of probation officers and others, it has the authority to suspend, revoke, or deny renewal of the facility's license.

The Department of Social Services
Relies on Counties to Administer
Interstate Agreements and Monitor
Minors in VisionQuest

The Interstate Compact for the Placement of Children (ICPC) authorizes the placement of delinquent minors in other jurisdictions only if equivalent facilities are not available in the placing agency's jurisdiction, if the minor receives a hearing, and if placement in another jurisdiction does not create undue hardship. In addition, the ICPC requires the receiving state to notify the sending state that the proposed placements of minors in its state does not appear to be contrary to the interests of the minors. The ICPC also permits the placing agency to arrange for supervision by an authorized agency, such as a local probation department, in the receiving state. However, if the receiving state does not monitor the minors it accepts for placement in its state, responsibility for monitoring the minors remains with the sending agency.

The department is responsible for administering the ICPC for California. However, until March 1986, it did not process applications from probation departments to the ICPC for the placement of delinquents in private, out-of-state facilities because, according to the chief of California's ICPC bureau, the department believed it did not have authority over county probation departments and instructed probation departments that placed delinquent minors in the out-of-state facilities to apply directly to the receiving state's ICPC office. However, since March 26, 1986, the department has required probation

departments to submit applications for out-of-state placements to California's ICPC bureau rather than directly to the receiving state's ICPC office. According to the deputy director of the department's Adult and Family Services Division, this change will allow the department better control over monitoring minors placed outside California.

Although Arizona's ICPC office has approved the placement of California minors in VisionQuest, Arizona has been unable to monitor the minors. In a November 1981 letter to the department, the deputy director of Arizona's DES informed California that the DES was willing to accept out-of-state placements into VisionQuest's wilderness camps and wagon trains. In January 1985, however, a program administrator for Arizona's DES informed at least one California probation department that, because of staff shortages, the DES could not monitor California minors placed in VisionQuest. In addition, Arizona's ICPC deputy administrator has also issued a memorandum indicating that Arizona's approval of placements in VisionQuest covers placement in Arizona only. Other states through which VisionQuest's wagon trains travel generally do not monitor California minors on the wagon trains because the ICPC does not require that they do so.

Since Arizona is unable to monitor California minors, in spring 1985, the department instructed the probation departments of San Diego and Alameda counties to directly monitor placements or return them to the counties. The counties responded that their probation

officers do comply with the department's current requirement to visit delinquent minors receiving AFDC-FC funds once every six months.

The Education of California
Minors Placed Out of State May
Not Meet California Standards

In California, Section 56300 of the Education Code requires school districts to identify all minors, including those in licensed facilities, who may need special education. If public schools are not appropriate, local school districts or county offices contract with a nonpublic, nonsectarian school or agency to provide special education and related services. California law also requires educational specialists to assess the needs of the minors and to prepare individualized education plans for them, which the school is required to follow.

The Superintendent of Public Instruction is required to monitor nonpublic schools before certifying them. The superintendent may also monitor the nonpublic schools at any time without prior notice when there is substantial reason to believe that there is an immediate danger to the health, safety, or welfare of a minor or group of minors. Furthermore, the superintendent can revoke the certification of the nonpublic school for several reasons, including conduct that is harmful to the health, welfare, or safety of an individual receiving special education.

In Arizona, the Arizona Department of Education reviews VisionQuest's classrooms to determine if they meet Arizona's private school standards for special education for emotionally handicapped minors. To be approved by the Arizona Department of Education, the classrooms must, among other things, meet the standards for physical plant, teacher-pupil ratios, teacher credentials, hours of instruction per day, and curriculum.

The Arizona Department of Education has approved some, but not all, of VisionQuest's classrooms for emotionally handicapped students: it has approved one classroom traveling with the wagon train and two classrooms at VisionQuest's learning center in Tucson. However, as of March 1986, the Arizona Department of Education had not approved the classrooms at the Wilderness Camp West near Oracle Junction, Arizona, because the wilderness camp had not met the required standards. The tents in which the classrooms were located were unacceptable because they had no heat and because one tent leaked. Furthermore, VisionQuest had not submitted to the Arizona Department of Education the required fire marshal's report.

Some of VisionQuest's educational programs and facilities meet standards for private schools in Arizona. However, according to an education specialist in the Arizona Department of Education, Arizona's Department of Education does not monitor California minors. Furthermore, the Arizona Department of Education does not monitor the wagon trains' classrooms when the trains are outside Arizona because it

has no authority to approve or monitor education programs or facilities operating outside the State of Arizona.

Consistent Standards Are
Not Written Into Counties'
Contracts With VisionQuest

The department has not established clear standards for the counties to incorporate into contracts with out-of-state facilities. As a result, contracts with VisionQuest vary from county to county and do not all guarantee the same protection and services that minors would receive if they had been placed in California facilities.

Of the six California counties that have placed minors in VisionQuest, three have signed contracts with VisionQuest that do not incorporate California's standards to protect the minors' health and safety that are stipulated in Title 22 of the California Administrative Code. For example, only two counties require VisionQuest to report promptly all physical restraints of minors to the counties' probation departments, as Title 22 requires of California facilities. In addition, only three counties require either prompt or immediate notification of significant changes in the minors' health, behavior, or locations.

In addition, the counties' contracts with VisionQuest do not all provide the same basic liability insurance provisions. For example, one contract requires VisionQuest to provide \$1 million in

public liability and property damage insurance, with the county named as an additional insured; another county's contract requires VisionQuest to maintain the same type of insurance for at least \$100,000 per individual and \$300,000 per occurrence. The latter contract also states that the county will reimburse VisionQuest if VisionQuest is held liable when a minor runs away from VisionQuest and injures any persons or damages property. Contract provisions for liability insurance are especially important because of the potential impact on public funds. San Diego County is a co-defendant with VisionQuest in a lawsuit seeking damages on behalf of the parents of a San Diego minor who died while in VisionQuest.

Finally, the counties' contracts are not consistent in their provisions for the education of California minors. For some counties, education costs are part of VisionQuest's basic fee; other counties pay an additional fee to cover education costs. None of the contracts specify that educational programs will be monitored. Nor do the contracts specify sanctions that will be imposed if VisionQuest does not provide education services.

The State cannot be ensured that the health, safety, and educational needs of minors in out-of-state facilities are being protected unless the facilities and the minors are regularly monitored against clear and consistent standards. Since the department has not established standards for counties to incorporate into contracts with the out-of-state facilities, California minors in out-of-state

facilities are not all ensured the same protections and rights that minors in California facilities are ensured.

III

CONCLUSION AND RECOMMENDATIONS

California has spent over \$12.5 million in AFDC-FC funds for minors placed in VisionQuest National, Ltd., a program for minors based in Arizona. However, the California Department of Social Services needs to improve its control of expenditures of AFDC-FC funds for minors placed in VisionQuest's facilities. In addition, the department has not ensured that minors placed in out-of-state facilities are guaranteed the same rights and protection that minors in California facilities are granted.

State law stipulates that a delinquent minor who is placed by the courts in a group home is eligible for AFDC-FC funds only if the group home is licensed. California minors were in VisionQuest's wilderness camp in Silver City, New Mexico from May 1981 until December 1984; however, this facility was not licensed as a group home by either Arizona or New Mexico. Furthermore, since November 1984, Arizona has clearly indicated that VisionQuest's wagon trains have not been licensed by Arizona while they travel outside Arizona. Therefore, some AFDC-FC expenditures for minors in VisionQuest were not appropriate. However, we could not determine the amount of inappropriate expenditures because data on the specific locations of California minors at all times are not readily available in county or VisionQuest records. In addition, it is not clear whether some

VisionQuest facilities in Arizona were licensed before January 1985 when Arizona issued a separate license for the wilderness camps and wagon trains in Arizona. As a result of these licensing uncertainties, some payments for minors placed in VisionQuest's wilderness programs in Arizona before January 1985 are questionable. In addition, counties inappropriately spent at least \$75,600 in AFDC-FC funds to retain four youths in VisionQuest after age 18 who were not receiving the educational or vocational training required for continued AFDC-FC eligibility. Furthermore, the department has not exercised its authority to audit out-of-state facilities that receive AFDC-FC funds for California minors, and under current law it cannot control the rates California must pay these facilities. For minors who would otherwise be sent to the California Youth Authority, California must pay the rate that Arizona accepts for VisionQuest even though Arizona exempts VisionQuest from its regular rate-setting review. Furthermore, it is unclear what rate should be paid for minors placed in out-of-state programs who would not otherwise have been sent to a California Youth Authority facility.

In addition, the department has not ensured consistent standards for monitoring California minors placed in out-of-state facilities. The department protects the health and safety of minors placed in California through its authority to license, inspect, and impose sanctions on California facilities. However, the State does not have jurisdiction over out-of-state facilities. In addition, California minors placed in out-of-state facilities do not benefit from

the special education programs supervised by the California Department of Education, as minors placed in California do. Since the State has not developed clear, consistent standards and monitoring procedures for counties to include in contracts with out-of-state facilities, California minors in out-of-state facilities are not all protected by the same standards that protect minors in California facilities.

RECOMMENDATIONS

To improve the State's control over the expenditures of AFDC-FC funds, the Department of Social Services should take the following actions:

- Withdraw state AFDC-FC funding for minors that counties place in facilities that are not licensed and that do not always provide the educational and vocational training required for the continued AFDC-FC eligibility of youths over 18.
- Clarify guidelines for counties to use in evaluating the educational and vocational requirements for AFDC-FC eligibility for youths over age 18.
- Define "California Youth Authority alternative" and establish rates for minors placed in out-of-state licensed group homes who are not California Youth Authority alternatives. If the department does not have the authority to define this term, it

should ask the Legislature to clarify the terms under which a minor placed out of state is eligible for the rate established for the group home by the receiving state.

- Audit out-of-state facilities receiving significant amounts of AFDC-FC funds for California minors to determine whether the facilities comply with AFDC-FC eligibility requirements and to determine if the rates paid to out-of-state facilities are reasonable. If the rates are found to be unreasonable, the department should recommend legislation to amend the law to allow the department to set rates for minors placed in out-of-state facilities.

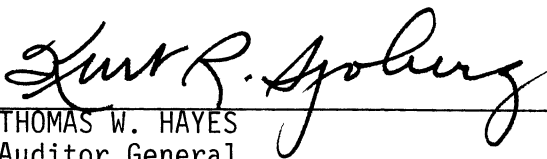
To ensure the health and safety of minors placed in facilities outside California, the Department of Social Services should take the following actions:

- Establish standards that each county must include in contracts with out-of-state facilities that receive AFDC-FC funds for California minors. These contracts should ensure that California minors in out-of-state facilities are protected by the same standards that protect minors in California facilities. In addition, each contract should stipulate sanctions the county may impose if the facilities fail to comply with the terms of the contract.

- Establish required monitoring standards for minors who are supported by AFDC-FC funds and placed in out-of-state programs.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


for THOMAS W. HAYES
Auditor General

Date: June 23, 1986

Staff: William S. Aldrich, Audit Manager
Georgene L. Bailey
Frank Luera
Linda White Lindert
Stella J. Kleinschmidt
Darryl T. Perkins

**SUMMARY OF RESPONSES TO A QUESTIONNAIRE
SENT TO PROBATION DEPARTMENTS IN
FIFTY-EIGHT COUNTIES IN CALIFORNIA**

In reviewing the placement of delinquent minors in out-of-state facilities, we sent a questionnaire to each of the 58 county probation departments in California. In particular, we attempted to determine the number of county probation departments that place minors out of state, the counties' effectiveness in monitoring the minors placed out of state, and the amount and type of funds spent on the placements.

We received responses to the questionnaire from 41 of the 58 counties. We surveyed the remaining 17 counties by phone. In reviewing the responses, we noted that some of the respondents failed to answer all of the questions. Therefore, our summary specifies the number of counties that responded to each question.

We found that the 58 counties have approximately 5,900 minors who are wards of the court under Section 602 of the Welfare and Institutions Code, the section that defines a juvenile delinquent. At the time of the questionnaire, 12 counties placed 157 (2.7 percent) minors in out-of-state facilities. In addition, 4 other counties stated that they had placed minors in out-of-state facilities but currently had no such placements. Of these 16 counties that place out of state, 11 claim that their probation departments place minors out of state because equivalent facilities are not available within California, while 2 counties indicated that their probation departments place minors out of state only under very unusual circumstances.

Of the 12 counties that currently place minors out of state, 6 do not call their out-of-state placements, and 3 do not visit their out-of-state placements. Of those counties that do call their out-of-state placements or visit them, 8 indicated that they monitor the minors at least quarterly. During the visits to the out-of-state facilities, probation officers usually interview their minors and some of the staff members and tour the facilities. In addition, 7 of the 9 counties that visit their out-of-state placements indicated that they review their minors' files at the out-of-state facilities.

The counties that place minors out of state have placed 136 (86.6 percent) of the total of 157 minors in the VisionQuest and Rite of Passage programs: 82 (52.2 percent) in VisionQuest and 54 (34.4 percent) in Rite of Passage. Historically, 6 counties have placed approximately 400 minors in the VisionQuest program. At some point, 4 of the 6 counties discontinued the placement of minors in VisionQuest; however, 3 of the counties resumed placement of minors in

the program. The one county that no longer uses VisionQuest cited a concern for health and safety as the reason for discontinuing placements in the program. The 5 counties that still place minors in VisionQuest use the program only as an alternative for minors who would otherwise be placed in a California Youth Authority facility. Finally, although 5 counties continue to use the VisionQuest program, the placements from only 2 counties represent 91 percent of the California minors placed in the program.

According to the Department of Social Services, during January 1986, the estimated average monthly cost for delinquent minors placed in out-of-state facilities and receiving federal AFDC-FC funds is \$2,486; the estimated average monthly cost for delinquent minors placed in out-of-state facilities and not receiving federal AFDC-FC funds is \$2,655. According to our survey, the average monthly costs of the out-of-state placements ranged from \$1,500 to \$4,000.

**STATE, COUNTY, AND FEDERAL FUNDS PAID TO
VISIONQUEST AND RITE OF PASSAGE**

The following table shows the amount of state and county funds that counties said they paid to VisionQuest for placement of California minors in VisionQuest.* The state, county, and total expenditures are shown by county.

<u>County</u>	<u>Expenditures</u>		
	<u>State</u>	<u>County</u>	<u>Total</u>
Alameda	\$ 1,922,280	\$159,468	\$ 2,081,748
Yolo	99,010	7,136	106,146
Sonoma	38,864	2,310	41,174
Sutter	49,662	2,845	52,507
San Diego	9,653,927	602,412	10,256,339
Lake	42,938	2,470	45,408
Total	<u>\$11,806,681</u>	<u>\$776,641</u>	<u>\$12,583,322</u>

The following table shows the amount of federal, state, and county funds that counties said they paid to Rite of Passage for California minors placed in this program.

<u>County</u>	<u>Expenditures</u>			
	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Total</u>
Alameda	\$ 65,496	\$ 740,923	\$38,996	\$ 845,415
San Diego	32,655	382,888	20,952	436,495
Santa Clara**	0	0	0	411,720
Contra Costa	0	58,046	3,055	61,101
San Bernardino	44,451	139,150	9,663	193,264
Humboldt	124,507	118,282	6,225	249,014
Marin	142,689	135,555	7,134	285,378
Placer	0	107,407	5,653	113,060
Solano	58,622	55,691	4,331	118,644
Total	<u>\$468,420</u>	<u>\$1,737,942</u>	<u>\$96,009</u>	<u>\$2,714,091</u>

*VisionQuest, a private, for-profit facility, is not eligible for federal funds.

**Santa Clara County was able to report only total expenditures.

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



June 17, 1986

Mr. Thomas W. Hayes
Auditor General
Office of the Auditor General
660 "J" Street, Suite 300
Sacramento, CA 95811

Dear Mr. Hayes:

OFFICE OF THE AUDITOR GENERAL'S REPORT ENTITLED "CALIFORNIA
NEEDS BETTER CONTROL OVER THE OUT-OF-STATE PLACEMENT OF
DELINQUENT MINORS"

Attached you will find the comments prepared by the Department
of Social Services concerning the above mentioned audit report.
The staff of the Department will be pleased to meet with you
at your convenience to discuss their responses to any of the
subject areas in the report.

Sincerely,


LINDA S. McMAHON
Director

Attachment

STATE DEPARTMENT OF SOCIAL SERVICES' (SDSS) RESPONSE

The State Department of Social Services' (SDSS) comments concerning the report of the Office of the Auditor General (AGO) entitled "California Needs Better Control Over the Out-of-State Placement of Delinquent Minors".

AGO Recommendation

"Withdraw state AFDC-FC funding for minors that counties place in facilities that are not licensed and that do not always provide the educational vocational training required for the continued AFDC-FC eligibility of youths over 18."

SDSS Response

SDSS agrees that state AFDC-FC funds should be withdrawn for minors who are placed in unlicensed facilities and/or do not meet AFDC-FC eligibility requirements.

SDSS also agrees that AFDC-FC funding should not be available for those individual cases which are not provided the individual and vocational training required for continued AFDC-FC eligibility.

AGO Recommendations

- A. "Clarify guidelines for counties to use in evaluating the educational and vocational requirements for AFDC-FC eligibility for youths over age 18."
- B. "Establish standards that each county must include in contracts with out-of-state facilities that receive AFDC-FC funds for California minors. These contracts should ensure that California minors in out-of-state facilities are protected by the same standards that protect minors in California facilities. In addition, each contract should stipulate sanctions the county may impose if the facilities fail to comply with the terms of the contract."
- C. "Establish required monitoring standards for minors who are supported by AFDC-FC funds and placed in out-of-state programs."

SDSS Response

Welfare and Institutions Code (WIC) Section 361(d) establishes criteria and court review procedures for any out-of-county (which includes, out-of-state) placement of dependents. Manual of Policy and Procedures (MPP) Division 30 regulations governing placement decisions of services caseworkers establish clear priority order for placement in the closest proximity to the

parents' home consistent with the child's needs, and cross references WIC Section 361(c) and (d) for statutory direction.

MPP Division 30 also provides for ongoing monitoring of each child in placement and the effectiveness of the placement facility's services in satisfying the child's needs.

Although these provisions apply to operations of county welfare departments (CWD) under SDSS supervision and not to probation departments, per MPP 29-405, for AFDC-FC funded placements, probation is bound by the same considerations for placements and requirements for monitoring that are applicable to dependents in the care, custody and control of the CWDs.

Recently instituted requirements that out-of-state probation placements be made through the Interstate Compact for the Placement of Children (ICPC) will result in the receipt of quarterly reports by ICPC to assure that proper monitoring of placements is taking place.

While comprehensive evaluation of programs and services would be desirable, such evaluations would of necessity involve longitudinal studies, control groups, etc. and would, therefore, be prohibitively costly. Additionally, imposition of California standards upon all out-of-state facilities would likely result in fewer such placements even when in the best interests of the child who has been determined to have special placement needs. ①*

With respect to the issue of inappropriate payments made for minors past their 18th birthdays, regulations governing eligibility requirements in such cases are contained in MPP 42-101.2. Steps will be taken to assure that counties monitor their placements appropriately to assure these requirements are met.

AGO Recommendation

"Audit out-of-state facilities receiving significant amounts of AFDC-FC funds for California minors to determine whether the facilities comply with AFDC-FC eligibility requirements and to determine if the rates paid to out-of-state facilities are reasonable. If the rates are found to be unreasonable, the department should recommend legislation to amend the law to allow the department to set rates for minors placed in out-of-state facilities."

SDSS Response

The host state audits the rates for the facilities for which it set rates. For the sending state to determine the reasonableness of these out-of-state rates is both costly and inefficient. ②

*The Auditor General's comments on specific points contained in the department's response begin on page 75.

Beyond a review of the rates, a program review of the facility is the responsibility of the local placing agency. Current regulation specifies that the local agency is responsible for determining whether the placement made is appropriate to the child and whether the facility used complies with AFDC-FC eligibility requirements.

AGO Recommendation

"Define 'California Youth Authority alternative' and establish rates for minors placed in out-of-state licensed group homes who are not California Youth Authority alternatives. If the department does not have the authority to define this term, it should ask the legislature to clarify the terms under which a minor placed out-of-state is eligible for the rate established for the group home by the receiving state."

SDSS Response

SDSS is unable to determine whether a minor is a "California Youth Authority alternative", since this information is not provided by the state judicial court system. Current SDSS policy is to pay the same rate for all foster care placements in facilities such as Vision Quest.

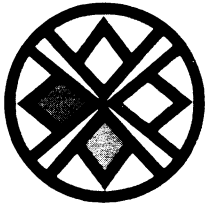
California's county welfare departments are delegated the responsibility for establishing out-of-state group home placement rates. This they do based on the needs of the child being considered for out-of-state placement and the characteristics of the particular group home. They consider and review the rate the group home has had established by the responsible agency where the home is located for allowability of costs under California law. (3)

To move this responsibility to SDSS would have several potential adverse impacts. First, it would unnecessarily delay placement decisions since the placing county would have to request SDSS to establish a rate. The group home would then have to complete California's rate setting process utilizing forms and procedures to comply with requirements that they are not at all familiar with.

Second, there would be no ability to verify the information provided by the facility without travel and review costs that could exceed the placement costs of the one of two California children many of these facilities will take.

Third, the validity of expenditures under a California established rate is verified by an audit. Such an audit for group homes out-of-state could be prohibitively expensive, particularly if very few California children were placed there.

Finally, the state workload associated with state level rate establishment for group homes currently utilized out-of-state is not major. However, the Foster Care Rates Bureau has received calls from out-of-state organizations requesting a rate and to be put on California provider lists. Aggressive agencies would want a California rate available when counties' called regarding the possibility of an out-of-state placement rather than requesting only after a placement decision is made. To the unknown extent that California rate structure compares favorably with the rates of other states (and given other program comparisons it is reasonable to assume they would), a considerable number of the thousands of group home providers nationwide may request a California rate and aggressively pursue placements. This would become a major workload item. Also, instead of limiting or controlling placements, state-set rates for out-of-state providers could dramatically increase out-of-state placements.



VisionQuest

P.O. Box 12906 • Tucson, Arizona 85732-2906 • (602) 881-3950

June 16, 1986

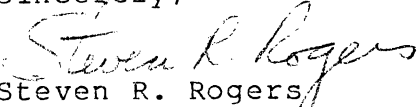
Thomas W. Hayes
Auditor General
State of California
Office of the Auditor General
660 J Street, Suite 300
Sacramento, California 95814

Dear Mr. Hayes:

Thank you for the opportunity to review and comment on the draft report by your office regarding California's out-of-state placement of minors. I also want to express my appreciation for the professionalism exhibited by your staff during the weeks they spent at VisionQuest reviewing records, touring programs and interviewing staff and youngsters.

Our attached comments are made with the intent of clarifying VisionQuest's position on relevant issues raised by the report. VisionQuest will fully cooperate with the California Department of Social Services to address recommendations. Furthermore, we intend to continue working with the department to license and operate VisionQuest in the state of California, thereby avoiding the issues which occur with out-of-state placements.

Sincerely,


Steven R. Rogers
Executive Director

VISIONQUEST'S RESPONSE

1. Licensing Status of VisionQuest Programs

The report states that California used AFDC-FC funds to place youngsters in facilities which were unlicensed. It states that VisionQuest's Wilderness Camp in Silver City, New Mexico was unlicensed, and that the wagon trains are unlicensed when they travel out of the State of Arizona. Furthermore, the report asserts that it is not clear whether VisionQuest's wagon trains and wilderness camps in Arizona were licensed before January, 1985. (pp. 12-17).

Response - VisionQuest believes that at all times its programs were considered licensed by the appropriate regulating authorities. It is important, therefore, to understand our licensing history as it pertains to the development of the wagon train and wilderness camp programs.

VisionQuest has operated facilities since 1973 in Arizona and later in Colorado (1977), New Mexico (1978), and Pennsylvania (1980). Group home programs were initially located in these states and fully licensed according to each state's regulations. In order to assure consistency between VisionQuest programs from state to state, VisionQuest policies and procedures were developed to meet the most strict state regulations. In addition, VisionQuest policies and procedures reflected the national standards of the Joint Commission on Accreditation for Hospitals which accredited VisionQuest facilities in Arizona and Colorado between 1974 and 1980.

The wilderness quest expedition was an integral part of the program since its inception in 1973 and was viewed by Arizona, New Mexico and Colorado as a field trip. Similarly, the wagon train program which began in 1976, had its home base in Arizona and was considered an adjunct to the Arizona residential programs. VisionQuest held the wagon trains and wilderness expeditions to exactly the same core policies and procedures as its group homes, with the exception of physical plant requirements. These were revised to address health and safety in an outdoor environment. In addition, detailed safety procedures relative to animal care and training, wilderness skill development, wagon train and wilderness camp operations and technical staffing requirements were developed.

VisionQuest began to gradually shift its focus from the group home program to the high impact programs, the wilderness camps and wagon trains. In 1978 on the property of one of our licensed group homes in Silver City, New Mexico a rustic camp was set up to serve as a training base for the wilderness quest expeditions. By the time the first California youngster was placed in 1981, this camp was fully operational. New Mexico Health Services Division (HSD) was aware of the wilderness camp located on the group home property. During the same time period, wilderness camps in Arizona, such as that at the Lodge in Elfrida, Arizona were viewed by the Arizona Department of Economic Security (DES) as an extension of the base group home license.

VisionQuest requested formal licensure from both Arizona and New Mexico, however, neither state had the regulations to do so. Therefore, Arizona began to formulate outdoor program regulations in 1982. It was VisionQuest's understanding that New Mexico would consider applying Arizona's outdoor regulations for its programs. In fact, this was part of the resolution of a situation in September, 1982 when New Mexico notified VisionQuest and all the states with children placed in VisionQuest in New Mexico that the wilderness camp was unlicensed by New Mexico. VisionQuest officials met with New Mexico representatives and that original notification letter was superseded with notice from New Mexico HSD that VisionQuest would apply for licensure and New Mexico would give VisionQuest reasonable time to meet standards and would attempt to resolve issues impeding formal licensure. The Arizona outdoor regulations were expected to take a matter of months to finalize but actually took until January, 1985, when the outdoor regulations, entitled Mobile Program Agency Regulations, were adopted.

During this time period, VisionQuest believes it was considered "licensed" since Arizona and New Mexico continued to work cooperatively for specific rules and regulations for outdoor programs. New Mexico also allowed VisionQuest to continue operation of its camp which was located on the site of its group home. VisionQuest maintained the group home license in New Mexico and applied relevant group home regulations regarding personnel requirements and client services and records to the wilderness camp. When the group home was inspected on an annual basis by New Mexico HSD licensing specialists, the personnel and student records for the wilderness camp were also reviewed. In addition, state and local fire authorities and the Environmental Improvement Division (EID) did courtesy inspections of the camp, as well as the mandatory group home inspections, and VisionQuest complied with their recommendations. VisionQuest also believes it was "licensed" because youngsters continued being placed at the wilderness camp through Interstate Compact and VisionQuest continued receiving payments for these placements.

In December, 1984, when Arizona refused to continue processing Interstate Compacts for New Mexico and New Mexico determined that the VisionQuest wilderness camp did not conform to their existing regulations, VisionQuest relocated its camp to Arizona. The Arizona Mobile Program Agency regulations were adopted in January, 1985 and VisionQuest's wilderness camps have been licensed as such since then.

Wagon trains have always operated out of a home base in Arizona. This was affirmed in correspondence from the Arizona Department of Economic Security in 1981 and again in 1982 as noted on page 15. The letter of February 3, 1982, cited on p. 16 was the summary of VisionQuest's annual group home licensing inspection, which license was for the number of beds in the residential facilities and which inspection did not cover wagon trains or wilderness camps. VisionQuest believes that letter did not reverse the Department of Economic Security positions as stated in the previous letters, i.e., that the wagon train for all intents and purposes was "licensed".

Furthermore, on December 19, 1983, an Acting Assistant Director for the Department of Economic Security wrote a letter to the Arizona Department of Education which stated that "the VisionQuest Residential Program is licensed by the Department of Economic Security and children continue to be placed in the wagon train component of their program by Arizona and through the Interstate Compact."

To VisionQuest's knowledge the wagon train was at all times considered "licensed" while traveling both in and out of Arizona. The question of licensure outside of Arizona's boundaries was not raised until November, 1984. At that time, Arizona began attaching to each ICPC agreement the statement noted on page 13. VisionQuest understood from discussion with the Department of Economic Security officials, that the intent of this statement was to indicate the limits of liability and authority for Arizona when the program was out of state. VisionQuest, however, continues to meet Arizona licensing standards for the wagon train while it is out of state and the train is inspected annually for license renewal. VisionQuest also continues to notify the Department of Economic Security of significant occurrences and incidents on the wagon train as required by Arizona regulation.

In order to further define the issue of out-of-state travel, VisionQuest sought a decision from the Association of Administrators of the Interstate Compact on Placement of Children. A letter from that Association (May 8, 1985) to VisionQuest explained that notification to the ICPC should be made before the wagon train travels to any given state; moreover, it also made clear that movement from state to state does not constitute a new placement for the youngsters every time the train crosses state lines. Since youngsters on the wagon train are considered to be "visiting" and not placed in states other than Arizona while traveling on the wagon train, it is not feasible or practical for these states to separately license the wagon train.

2. AFDC-FC Funding For Youths Over 18

This section of the report (pp. 17-20) addresses educational/vocational requirements for youngsters continuing placement after the age of 18, i.e., that the training/education be full time and can reasonably be expected to be completed prior to the youth's 19th birthday. The report cites 68 youngsters who remained with VisionQuest after their 18th birthdays, 25 of whom remained at least three months after turning 18. Four records reportedly did not document that the youngsters were receiving the educational or vocational training required for AFDC funding.

Response - Since VisionQuest treats many older juveniles who have exhausted other available methods of treatment, we are requested to interview youngsters who may be 17 years old. VisionQuest has worked with California probation officers to develop accurate educational/vocational plans for these youngsters. VisionQuest makes reasonable educational/vocational goals to be accomplished prior to age 19. Nevertheless, at the time those goals are formulated, the youth is still in need of treatment services and

educational outcome is sometimes dependent upon motivation, continuing behavioral progress and attitude. These projected expectations are not always realized and the probation officers are informed by written and verbal progress notes of achievement or lack thereof regarding educational/ vocational goals.

The determination of whether a youngster is permitted to remain past his or her 18th birthday has been at times inconsistent between counties and the standards difficult to ascertain. During the past year, VisionQuest has become increasingly familiarized with the requirements for keeping a youngster in placement past the age of 18 and probation officers have been increasingly consistent. VisionQuest's intake offices in Oakland and San Diego are scrutinizing all referrals who are over the age of 17, who we can expect to be in placement past 18, for their ability to complete educational/vocational programs, such as GED or horseshoeing class.

VisionQuest believes that the department's development of uniform guidelines for the educational services required to maintain a child in placement past age 18, will bring additional needed clarity to the situation.

3. Funding For Educational Services

The report states on p. 34 that VisionQuest's contracts with California counties are not consistent regarding the provision of education because, for some counties, education costs are part of VisionQuest's basic fee while others pay an additional fee to cover education costs.

Response - In a memorandum dated June 13, 1986 from VisionQuest's General Counsel to VisionQuest's Executive Director (copy attached) VisionQuest's contracts with the various California counties are analyzed. As noted in that memorandum, VisionQuest utilizes various service contracts in California, some which are county contracts and some which are prepared by VisionQuest. Of those contracts, some explicitly exclude educational services from the treatment fee, one does not address the issue at all, and others use language which could be unclear to persons not familiar with the course of dealings between the parties. In spite of the differing language in those contracts, however, VisionQuest has always been consistent--both in California and nationally--in charging a separate fee for educational services; and, the distinction between VisionQuest's care and support fee and the fee for educational services has always been consistently applied and represented by VisionQuest to the counties.

4. Monitoring of California Youngsters Placed Out of State

This section (pp. 29-35) describes monitoring of VisionQuest by individual counties. It notes that the department has not developed clear and consistent standards to incorporate into contracts by which VisionQuest can be monitored.

Response - VisionQuest accepts youngsters into its programs from approximately 15 different states. Most of these states regularly monitor VisionQuest. VisionQuest fully appreciates the need for such monitoring against defined guidelines and will cooperate with the department in developing standards which can be applied to our outdoor and residential programs.

M E M O R A N D U M

TO: Steven R. Rogers, Executive Director

FROM: Mark M. Contento, Esq., General Counsel

RE: FUNDING FOR EDUCATIONAL SERVICES IN CALIFORNIA

DATE: June 13, 1986

As VisionQuest's General Counsel, I have been asked to respond to a statement made in the California Auditor General's report regarding standards for educational funding from California counties. Under the result titled, "Consistent Standards Are Not Written Into Counties Contracts With VisionQuest," (p. 34) the report states as follows:

"Finally, the counties' contracts are not consistent in their provisions for the education of California minors. For some counties, education costs are part of VisionQuest's basic fee; other counties pay an additional fee to cover education costs. None of the contracts specify that educational programs will be monitored nor do the contracts specify sanctions that will be imposed if VisionQuest does not provide education services."

As you know, depending on the county, VisionQuest utilizes either the county's contract or a contract prepared by VisionQuest. The Alameda and Sutter County Contracts are very explicit that educational costs are separate from the fee for care and support services. Yolo County, Lake County and Sonoma County utilize a contract prepared by VisionQuest which contains some potentially confusing language regarding the fee for educational services. The San Diego Contract does not address the issue at all, except for requiring an educational assessment as part of the initial diagnostic summary for each child.

The VisionQuest contract refers to "academic remediation" as included in the fee for care and support services. Those references to "academic remediation," however, were never designed to refer to direct educational services as included in the care and support fee. Rather, provision of "academic remediation" as part of care and support was designed to assure the counties that VisionQuest treatment staff would not ignore the academic aspects of a child's development, specifically when--as stated in the VisionQuest contract--such academic remediation was "necessary and appropriate for the most effective treatment of a particular child...where therapeutically indicated..."

Apparently, the use of different contracts and the varying language contained in each, has resulted in the Auditor General's conclusion that different standards are applied to counties regarding payment

for educational services. In spite of that differing language, VisionQuest has always been consistent--both in California and nationally--in charging a separate fee for educational services; and the distinction between VisionQuest's care and support fee and the fee for educational services has always been consistently represented by VisionQuest to the counties.

The language in some of the contracts, however, may be unclear, particularly to someone who might not be familiar with the course of dealings between the parties. This confusion could be eliminated by using a single contract containing language which is clear and unambiguous. Over the past year, VisionQuest has clarified the language in its standard contract including, among other things, the references to payment for educational services. Use of that contract, or one similarly drafted, would serve to avoid this confusion in the future and to make clearer the intention of the parties: that the fee for education is a separate charge from the fee for care and support services.

MMC
2

ASSOCIATION OF ADMINISTRATORS
OF THE INTERSTATE COMPACT
ON THE PLACEMENT OF CHILDREN
OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

REC'D MAY 13 1985

1125 FIFTEENTH STREET, N.W. WASHINGTON, D.C. 20005

Suite 300
Telephone: (202) 293-7550

May 8, 1985

Mr. Michael L. Cracovaner
Administrative Director
Vision Quest
Post Office Box 12906
Tucson, AZ 85732-2906

Dear Mr. Cracovaner:

At its Business Meeting on May 2, the Association of Administrators of the Interstate Compact on the Placement of Children discussed your inquiry to the Secretariat made by letter of March 18, 1985. The Association views concerning your Wagon Train operations and the compact are as follows:

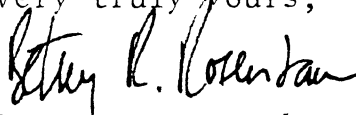
1. Placements of minors with Vision Quest are clearly interstate placements subject to the Compact. The only exceptions would be placements of children into your Arizona facility or your Pennsylvania facility, if the children in question are residents respectively of those states.
2. The movement of Wagon Train through states other than Arizona or Pennsylvania does not constitute new placements of the children each time the Train crosses into another state. Throughout the journey, the placement continues to be with Vision Quest in Arizona or Pennsylvania, as the case may be. If Compact procedures have been followed in the making of these placements, no new Compact forms need be submitted in connection with the Wagon Train activity. However, the supervision reports which would be provided on the progress of each child if the child remained in your Arizona or Pennsylvania residential facility must be provided as due during the Wagon Train journeys.
3. In addition, Vision Quest should provide to the sending agency which made the placement with you, and to the Compact Administrator in the sending agency's state, advance notice of the child's being sent on a Wagon Train journey and the intended route and duration of the trip.

Mr. Michael L. Cracovaner
Page Two
May 8, 1985

The Compact Administrators do not consider it to be necessary that you furnish each Administrator in the states through which Wagon Train will pass a list of names of the children who will be on the Wagon Train. However, they do want advance notice of Wagon Train journeys which will pass through their state, together with the itinerary and the approximate number of children who will be on the Train.

The Association appreciates your making an inquiry before undertaking further Wagon Train operations. The conduct of a program which involves travel can raise questions not likely to arise in the case of the operation of fixed facilities. For that reason, advance consultation is particularly useful.

Very truly yours,



Betsey R. Rosenbaum
Project Manager



Mitchell Wendell
Legal Consultant

cc: Bill Ales
Gene Howard
Warren Lewis



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85008

ce Babbitt
VERNOR

Douglas X. Patiño
DIRECTOR

December 19, 1983

Ms. Diane Petersen
Deputy Associate Superintendent
Special Education
Department of Education
1535 West Jefferson
Phoenix, Arizona 85007

Dear Ms. Petersen:

The Administration for Children, Youth and Families within the Department of Economic Security is in the process of finalizing specialized licensing standards for programs such as VisionQuest's Wagon Train. We anticipate those standards being complete in the next couple of months.

The VisionQuest Residential Program is licensed by D.E.S., and children continue to be placed in the Wagon Train component of their program by Arizona and through the Interstate Compact.

If you need additional information, please feel free to contact me.

Sincerely,

Linda Moore
Acting Assistant Director
Division of Aging, Family and
Children Services

LM:dj

c
Bette DeGraw
Gene Howard



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85005

June 16, 1986

Thomas W. Hayes
Auditor General
660 J. Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for the opportunity to comment on the report. There are a few issues and statements which I would like to clarify:

Page 12 - The statement is true that DES does not license the wilderness camp in New Mexico. The statement, however, implies that it is not licensed because of an omission on our part which is not true. The Department cannot and does not have jurisdiction in New Mexico.*

Page 13 - Again, the Department does not have jurisdiction over licensing of the wagon trains in other states. However, the Vision Quest wagon trains are licensed by DES as mobile programs and must comply with the mobile program licensing standards while in other states.

Page 15 and 23 - The Licensing and Contracting Unit is a unit of the Administration for Children, Youth and Families which is a part of Department of Economic Security, it is not a division.*

Page 17 - Again please clarify that Arizona does not have the authority to license a facility in New Mexico.

Page 23

1. The Department does not "establish" rates for agencies which provide care to children. Rates are negotiated as the result of a proposal and contracting process. Each agency has a different rate determined by their budgetary needs.

*Auditor General's Note: The text of the final report was changed to reflect this fact.

Thomas W. Hayes

-2-

June 16, 1986

2. Arizona does not have regulations which refer to receiving AFDC-FC only through submission of budget and financial data. Funding for these placements is primarily state funding, however, the fund source is not a factor in negotiations.*
3. A rate is negotiated for all placements in a facility, no special rate is determined for minors eligible for AFDC-FC (Federal funds).*
4. Vision Quest is not "exempted" from the contracting/rate setting process. Vision Quest as well as other providers may choose not to contract with the Department. As a result when a child is court ordered for placement at a non-contracting facility, an individual contract for that child is developed so the provider may receive payment. Vision Quest placement is generally court-ordered for JPO children (children adjudicated delinquent). The Department is involved in payment for those placements only because the JPO foster care line item was by statute, mandated to include the Department (DES) budget. Legislation was enacted this year to provide the JPO with their own budget outside of the Department's. In FY 87/88, the JPO's will, when placement is necessary, be contracting with Vision Quest directly.

Page 30 - The Program Administrator also wrote two follow-up letters dated April 29th and May 30th, 1985, to insure that the probation department in California understood the Department's position on licensing of Vision Quest and the courtesy supervision of children placed in Vision Quest. (See Attached)

I hope this information is useful to you. Please call me if I can be of further assistance. My telephone number is (602) 255-3596.

Sincerely,



Linda Moore
Assistant Director
Division of Aging, Family
and Children Services

LM:CS:jr

Attachment

*Auditor General's Note: The text of the final report was changed to reflect this fact.



REC'D MAY - 2 1985

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Bruce Babbitt
GOVERNOR

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85008

Douglas X. I
DIRECTOR

April 29, 1985

Mr. Doug Willingham
Deputy Chief Probation Officer
Probation Department
County of San Diego
P.O. Box 23096
San Diego, California

Dear Mr. Willingham:

As part of our frequent conferencing with VisionQuest in light of our monitoring and licensing roles, I received certain documents which originated from you and the California Department of Social Services. These documents are of serious concern to me and are attached for your review.

The first series of documents are the letter of February 22, 1985, by you and its attachments. The context in which my letter of January 28th was written is important. You will recall that in December, 1984, VisionQuest transferred its Wilderness Camp from New Mexico to Arizona. Prior to then, VisionQuest had not operated a Wilderness Camp in Arizona. My letter and prior letter by you were exchanged in addition to several phone calls concerning the interim arrangements for VisionQuest licensing. At that time, DES rules and regulations for Mobile Program Licensing had not yet been finalized and VisionQuest's request for licensing under those regulations was pending. Those regulations were adopted on January 20, 1985. Enclosed are copies for your convenience.

Prior to the adoption of the regulations, I personally conducted a site review on December 27, 1984, to assure that the living conditions would be adequate pending a full licensing review. Subsequently, a full licensing review was conducted by this Division and a regular license was issued on January 21, 1985. In addition, the program was reviewed by the Arizona Department of Health Services, the County Health Department, and the State Fire Marshall.

As part of our duties, there is on-going monitoring which exceeds the California standards, Section 45-201.14-44, attached to Mr. Suter's letter of March 25, 1985.

~~You are well aware that as part of the placement procedures through the Interstate Compact, we require a social history and psychological assessment as a necessary part of our review of the appropriateness of the placement. These above activities do not change the format of the Interstate Compact Agreement between Arizona and California.~~

April 29, 1985

In addition to the Arizona monitoring activities which exceed the California standards, I understand that VisionQuest is heavily monitored by other jurisdictions due to the interstate and mobile nature of its operation. Attached is a list of the site visits by other jurisdictions. Of special note is the frequent visitation by your office, always with the cooperation of this Division.

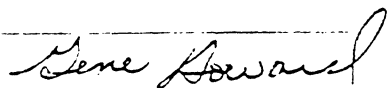
I would also like to clarify the apparent misunderstanding in California concerning Arizona's response to reports of abuse and neglect. I stand by my previous statement that we are presently investigating approximately 68% of all reports. We prioritize our reports by seriousness. In the case of residential treatment facilities, including VisionQuest, our standard for response is immediate and in no case less than 24 hours from the receipt of the allegation. All reports of abuse and neglect in these facilities are investigated. Additionally, this activity is performed by both a Child Protective Services Worker and the Central Office Licensing Worker.

In light of all this, perhaps you might feel it appropriate to discuss with Mr. Suter your respective characterizations of the efforts of this Department and to take such efforts as you deem appropriate to correct the misleading impressions you have given. Further, the enclosed documents come on the heels of a barrage of phone calls from California officials to members of this Department over the last six months in which information provided was misinterpreted. In order to prevent further problems, I request that all further communication by you or any member of your staff regarding VisionQuest be sent to myself only, whereby I will coordinate any appropriate response.

One other item has been brought to my attention. VisionQuest informs me that it has received inquiry from newspapers from Oakland, California, concerning child abuse allegations of San Diego placements (some a year old) and that the reporter had the actual names of the children. Such information, if released to the media by a DES official, would be in violation of Arizona law. I would appreciate being informed of your laws and procedures in this area, with special attention being given to how information from this Department is treated when received by your office.

Thank you for your attention.

Very truly yours,



Gene Howard
Program Administrator
Administration for Children,
Youth and Families

GH:ms



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85008

Bruce Babbitt
GOVERNOR

Douglas X. Patito
DIRECTOR

May 30, 1985

Doug Willingham
County of San Diego
Probation Department
P.O. Box 23096
San Diego, California 92123

Dear Mr. Willingham:

Thank you for your letter of May 8, 1985 clarifying your understanding of the roles and responsibilities of your Department, our Department and the VisionQuest Program. I am sorry that you remain confused about Arizona's ability to provide courtesy supervision for your wards. As I have tried to make abundantly clear, the Department is suffering a manpower shortage and is unable to provide courtesy supervision for San Diego County wards placed at VisionQuest. We will continue with our licensing activities which obviously include monitoring of the program in general and we will respond to any complaints of abuse or neglect on the part of children placed there. We do not believe that our inability to provide courtesy supervision places us outside of the limitations of the Interstate Compact on Children. To that end we held discussions with the Interstate Compact Administrator from Washington. The outcome of those discussions were that while courtesy supervision is beneficial and would certainly be encouraged it is not a requirement of the Compact.

If you need further clarification or if we can be of assistance in any other way, please do not hesitate to contact me.

Sincerely,

Gene Howard
Program Administrator
Administration for Children, Youth and Families

GH:jf



Probation Department

of Alameda County

400 Broadway, Oakland 94607
Address correspondence to:
P.O. Box 2059, Oakland CA 94604-2059

Area Code 415
874- 6465

June 16, 1986

Thomas W. Hayes, Auditor General
State of California
Office of the Auditor General
660 J Street, Suite 300
Sacramento, California 95814

Dear Mr. Hayes:

Re: P-535

Thank you for soliciting this Department's comments regarding the Auditor General's draft report on out-of-state placement of minors. We hope that the report will encourage needed changes in California law and administrative practices regarding wilderness programs. Your report is divided into two broad areas - the need to improve the control of expenditures and the need for consistent monitoring standards of out-of-state placement programs.

As you are aware, Alameda County uses the VisionQuest program in Arizona because of some very real needs of youngsters on the verge of long term detention in the California Youth Authority. The report does not so indicate but each ward so placed by the Juvenile Court is thoroughly screened and evaluated. Individual needs are assessed and specific program goals are determined. All the procedures required by statute or administrative regulation are adhered to and the Court does make necessary findings of fact before such an order. The law, as the report paraphrases, provides for specific administrative procedures, agency licensing requirements and monitoring standards.

The Auditor General's report questions the viability of VisionQuest's community care license and the licensing practices of Arizona's Department of Economic Security. However, this County received assurances from the California Department of Social Services before proceeding with placements of minors with this agency in Arizona and New Mexico. Also, before using the program it was independently assessed and evaluated on site by our staff (including myself), the Juvenile Court Judge and a member of our Juvenile Justice Commission for health, welfare and safety, as well as program issues. Our Placement staff does this as standard procedure even with in-state California licensed community care facilities. We continue to assess the program through our regular contacts with wards in the program, even when they are in a wagon train outside of Arizona.



Thomas W. Hayes, Auditor General
June 17, 1986
Page -2-

Arizona's state law on placement parallels California's in most respects, but, like "child visits every six months," many are minimal standards and are not clearly specified. Your report cites only one, AFDC-FC eligibility for over-18-year olds continuing in school. That regulation, as an example, is open for considerable interpretation.

Further, the report discusses in some length services for emotionally handicapped students. VisionQuest does not provide services for fulfilling a minor's I.E.P, a specific California requirement, and no such youngster has been placed by us at VisionQuest. VisionQuest's educational component is a private school with certificated teachers. Arizona may differ from California in the monitoring process but the units earned by the students are assessed by California School Districts upon return.

The distinctions between states is one reason for Interstate Compact to exist. Until recently, Alameda County had been handicapped by California's non-participation in the process with VisionQuest cases. However, Arizona's Interstate Compact staff do carefully screen all case material for suitability and appropriateness of placement. Further laws in that regard probably are not necessary.

It also is clear that attention should be given by California to the idea of "mobile" placement agencies who are providing community child care services. California law speaks to licensed "facilities," which means physical buildings. A wilderness camp does not come under that definition, nor does a wagon train. Arizona licenses both and has standards for both. California also should develop such standards for in-state programs.

To control further AFDC-FC expenditures there may well be need for further legislation. However, as an addendum, VisionQuest has not raised their rate to \$2900. It remains at \$2707.* Standards, too, of monitoring need attention, but both in the State as well as out.

Thank you again for this opportunity to review and comment on this draft report. As it was mailed on June 6th and required response in ten days, our comments may be incomplete. However, if further amplification is desired, please contact me or our Juvenile Division Director, Mr. Dennis Handis at (415)-667-4412).

Very truly yours,



PAUL GREEN
CHIEF PROBATION OFFICER

cc: Honorable Wilmont Sweeney, Presiding Judge of the Superior Court

*Auditor General's Comment: This statement is incorrect. VisionQuest increased its rate to \$2,950 per month per minor effective February 1, 1986; however, a county continues to pay the previous rate until its contract is renewed. Alameda County's contract will be renewed on July 1, 1986. San Diego County has been paying \$2,950 per month per minor since March 1, 1986, because its contract was renewed on that date.

SAN DIEGO COUNTY'S RESPONSES TO
THE AUDITOR GENERAL'S REPORT

San Diego County did not provide written comments; however, we discussed the draft report with San Diego County's Department of Social Services and its Probation Department. We considered their comments in the final report.

**AUDITOR GENERAL'S COMMENTS ON THE RESPONSE
OF THE DEPARTMENT OF SOCIAL SERVICES**

- ① We do not recommend that comprehensive evaluations of programs be done, only that the department establish standards to ensure that California minors placed in out-of-state facilities are protected by the same standards that protect minors in California facilities and that counties be required to include the standards in contracts with out-of-state facilities.
- ② Arizona does not audit VisionQuest's rates. In fact, as we reported on page 24, for facilities like VisionQuest in which Arizona does not regularly place minors, Arizona does not set rates or require the facilities to submit any financial data to the Department of Economic Security for review. Furthermore, since California has spent over \$12.5 million for minors' care in VisionQuest, California needs to conduct its own audit to assure itself that the rates paid to VisionQuest are reasonable.
- ③ The department says that it does not have information from the state judicial court system to enable it to determine whether a minor is a California Youth Authority alternative. Since it is the department's responsibility to ensure that the proper rate is paid for AFDC-FC minors, the department should request whatever information it needs. If, after requesting and receiving the available information, the department still cannot determine whether a minor is a California Youth Authority alternative, it should ask the Legislature for clarification as we recommended.

In its response, the department indicated that the current policy is to pay the same rate for all foster care children placed in facilities such as VisionQuest. However, this policy directly contradicts the department's written policy contained in an all county information notice directing the counties to implement the law authorizing the State to pay, for minors who would otherwise be sent to the California Youth Authority, whatever rate is set by the rate-setting authority in the state in which the facility is located. For minors who would not have been sent to the California Youth Authority, this written policy also requires the counties to review rates for out-of-state facilities and to ensure that only allowable costs, under California law, are included in the rate. Therefore, unless the counties have reviewed the rate for unallowable costs, minors placed in VisionQuest who would not otherwise have been placed in the California Youth Authority are not entitled to the same rate as minors who would have been sent there.

The department's statement that California's county welfare departments are responsible for establishing out-of-state group home rates based on the needs of the child, the characteristics of the group home, and the allowability of costs under California law

is not true with respect to VisionQuest. As we report on page 22, the State must pay VisionQuest the rate accepted by the State of Arizona.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps