

## 2016-18 Executive Progress Report

Commonwealth of Virginia  
Secretary of Health and Human Resources

### Children's Services Act

#### At A Glance

The mission of the Children's Services Act (CSA) is to create a collaborative system of services and funding that is child-centered, family-focused and community-based when addressing the strengths and needs of troubled and at-risk youth and their families in the Commonwealth.

**Staffing** 12 Salaried Employees, 4 Contracted Employees, 14 Authorized, and 1 Wage Employees.

**Financials** Budget FY 2017, \$331.51 million, 84.13% from the General Fund.

**Trends**

- ↑ Community-based services only
- ↑ Intensive Care Coordination
- ➔ Training participants

**Key Perf Areas**

- ↑ Community-based services only
- ↑ Intensive Care Coordination
- ➔ Training participants

**Legend** ↑ Increase, ↓ Decrease, ➔ Steady

**Productivity Legend**

↑ Improving, ↓ Worsening, ➔ Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov](http://www.vaperforms.virginia.gov)

### Agency Background Statement

The Children's Services Act (CSA) is now the name for a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. Until the 2015 General Assembly renamed the Act, it was titled the "Comprehensive Services for At Risk Youth and Families." The Office of Children's Services (OCS), Agency 200 - CSA, is responsible for oversight and support of local governments in the implementation of this innovative, statewide system of care for at-risk youth and families. Through high quality technical assistance and training, high standards for sound fiscal accountability, responsible use of taxpayer funds, and use of data for continuous program evaluation and improvement, OCS strives to improve outcomes for youth and families and ensure the effective and efficient use of the Commonwealth's resources. OCS partners with a large and diverse group of state, local, public, and private stakeholders to ensure effective implementation of CSA.

### Major Products and Services

The primary products/outputs of the Office of Children's Services (OCS) include:

- 1. State share reimbursement.** Local governments receive a formula-based reimbursement of state general fund for eligible services purchased for youth and families with local funds. Local governments coordinate a wide array of services for eligible at-risk youth and families including, but not limited to, foster care and related services, private day and residential special education services, and behavioral health services. In the 2016 program year the agency served 15,519 youth at a total cost of \$363.9 million, with \$237.2 million of that amount from the state general fund. An additional \$28.5 million in general funds was transferred to the Department of Medical Assistance Services for the required local share of Medicaid eligible Children's Services Act service expenditures.
- 2. Training and technical assistance.** A comprehensive array of technical assistance activities and robust training opportunities are provided to maximize the capacity of local governments and other stakeholders to implement best practices and maintain compliance with federal and state laws, regulations, and policies, as they apply to effective services and appropriate use of funds.
- 3. Program evaluation, utilization management, and utilization review.** OCS implements a comprehensive audit program; collects, integrates, analyzes, and reports data regarding local program performance; and provides oversight to ensure appropriate review of purchased services.
- 4. Information technology.** OCS provides web-based information technology to support uniform assessment of youth, collect client-based demographic and service information, and support the fiscal reporting and reimbursement processes.

### Customers

#### Customer Summary

**Children, Youth, and Families:** Since FY 2009, the number of youth served under the Children's Services Act (CSA) has declined by 2,109 or 12% from 17,628 in FY 2009 to 15,519 in FY 2016. The decline is attributed primarily to the *Children's Services Systems Transformation* initiative, implemented in 2008, which supported an established "practice model" which values service to youth within family and community-based settings. This practice model initiative is credited with reducing the number of youth coming into foster care, the overall number of youth served under the CSA, and the number of youth served in restrictive, residential settings. Overall costs are driven by multiple factors, many beyond state and local control, including: the number of eligible youth requiring services; severity of presenting needs; availability, type, and duration of services; service rates; client eligibility for and general availability of alternative funding sources; and local practice and policy changes. Over the past several years, CSA expenditures have been increasing significantly, primarily due to the increase in number and cost of private day educational services. The FY 2017 General Assembly directed OCS to support the work of House Appropriations and Senate Finance Committee staff to explore options to address this issue. Additionally, a recent decision of the Supreme Court of the United States (*Endrew F. v. Douglas County School District*, March 22, 2017) has the potential to lead to increased costs to provide services via the CSA to students with educational disabilities.

**Local Governments:** The CSA requires local governments to establish multidisciplinary team structures in order to receive state pool funds for the purchase of services for eligible populations. There are 130 local government Community Policy and Management Teams (CPMT) established across the Commonwealth to receive state pool funds. The Office of Children's Services (OCS), in accordance with the Code of Virginia, is responsible for oversight of program administration; compliance with state policies and procedures; and the provision of training and technical assistance to localities in the provision of efficient and effective services.

**Private Providers:** OCS maintains a web-based, statewide automated database of authorized vendors of services under CSA; provides a model contract for local government contracting with private providers; offers training for providers on topics including best practice in service delivery; and provides data and reports evidencing program performance.

**Customer Table**

<b>Predefined Group</b>	<b>User Defined Group</b>	<b>Number Served Annually</b>	<b>Potential Number of Annual Customers</b>	<b>Projected Customer Trend</b>
Child	Youth and families receiving services	15,519	16,000	Stable
Local or Regional Government Authorities	Local governments	130	130	Stable
Health Care	Private service providers	1,345	1,400	Stable
State Agency(s),	Partner State Agencies	7	7	Stable

Finance

Financial Summary

For FY 2017, Children's Services Act is funded with general funding of \$278.9 million (84%) and non-general funding of \$52.6 million (16%). Just over \$28.5 million of the general fund is dedicated to Medicaid funding for residential services and treatment foster care case management services. These funds reimburse local government with the state share reimbursement for pool fund service expenditures. Of this appropriation, \$2.45 million general funds is reserved for local government administrative funding, payment for the maintenance of the uniform assessment instrument, uniform web based reporting, procurement of data analytic tools, and training.

Included in the FY2017 appropriation is administrative funding for the Office of Children's Services (OCS) of \$1.76 million. OCS maintains a existing Memorandum of Understanding with the Virginia Department of Social Services (DSS) for on-going operational supports (i.e., fiscal, human resource, and information technology operations).

A total of \$43.2 million of the non-general funding is dedicated to Medicaid funding for residential services and treatment foster care-case management services. The remaining \$9.4 million is reserved to reimburse local governments for state share pool fund expenditures.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$278,903,167	\$281,338,761
1000	Federal Trust	\$52,607,746	\$52,607,746

Revenue Summary

The Office of Children's Services does not collect revenues.

Performance

Performance Highlights

Increasing utilization of community based services to decrease reliance on restrictive, residential placement is a key Children's Services Act (CSA) performance measure. Since 2008, several strategies have been implemented to decrease reliance on residential care including:

- In July 2008, the State Executive Council for Children's Services (SEC) implemented an incentive match rate system designed to encourage implementation of best practice to serve youth in family-based settings and reduce reliance on residential care. The system provides tiered levels of state reimbursement (e.g., the locality pays 50% of its formula-based base match rate for community-based services and 25% above its base match rate for residential services).
- The *Children's Services Systems Transformation* initiative was implemented statewide. This initiative was designed to change local practice to increase use of community-based services.
- In collaboration with the Department of Behavioral Health and Developmental Services, the Office of Children's Services (OCS) has provided training in Intensive Care Coordination (ICC) / High Fidelity Wraparound (HFW), an evidence informed service delivery model implemented in 2013, which has proven effectiveness at reducing placements and length of stay in restrictive, residential treatment facilities for high risk children. The SEC established policy guidelines for the delivery of this service by both public and private sector providers. In FY 2016, an additional 60 ICC/HFW facilitators and 35 ICC/HFW family support partners were training through the OCS HFW Center of Excellence and 579 youth received the HFW service.

These initiatives have been credited with reducing the overall service expenditures paid by CSA, reducing the number of youth in foster care and reducing the number of youth served in residential settings.

- Utilization and expenditures for residential care declined from 3,036 youth and \$68.8 million in FY 2009 to 1,986 youth and \$40.7 million in FY 2016.
- Foster care caseloads were reduced 35.7% between 2007 and 2016 (2007 = 7557; 2016 = 4865).
- Community-based services represented 47.1% of total services in FY 2010 and increased to 50.5% in FY 2016.

A key goal for CSA as evidenced in the Biennial Plan of the SEC, is continued support for implementation of a singular, unified system of care that ensures equal access to quality services for at risk youth across the Commonwealth. OCS, in collaboration with the other partners and stakeholders represented on the OCS, continues to advance statewide implementation of Virginia's system of care model through assessment of community implementation; identification and dissemination of outcomes and performance benchmarks; and coordinated training and technical assistance matched to community strengths and needs.

**Selected Measures**

Measure ID	Measure	Alternative Name	Estimated Trend
20045303.002.001	Percentage of CSA-funded youth receiving only community-based services compared to the total number of youth funded by CSA.	Community-based services only	Improving
200.0001	Percentage of youth receiving Intensive Care Coordination (ICC)/High Fidelity Wraparound (HFW) services compared to the number of youth placed in residential settings.	Intensive Care Coordination	Improving
200.0003	Percentage of completed and in-process local audits compared to the total number of audits scheduled for the fiscal year.	Local audits	Maintaining
200.0004	Percentage of foster care children who are placed in family settings which are family and treatment foster care placements.	Family-based placements	Improving
200.0007	Number of participants trained annually.	Training participants	Maintaining
200.0010	Percentage of utilization reports timely completed.	Utilization review	Maintaining

**Key Risk Factors**

Risk factors for the Office of Children's Services (OCS) over the remainder of the current biennium include the following:

- OCS's information technology (IT) applications were migrated from retired VITA servers in FY 2013. The agency's longstanding, legacy applications were programmed in Cold Fusion, a language no longer supported by VITA. Conversion of applications into supported language (.Net) is being conducted through contracted IT support. The successful and timely conversion of applications presents an ongoing challenge given limited resources and the competing need to maintain and upgrade essential operations (e.g., local financial reporting and reimbursement).
- It is inherently difficult to forecast Children Services Act (CSA) costs at the state and local level due to the nature of the program. Costs are driven by multiple factors, many beyond state and local control, including: the number of eligible youth requiring services; severity of presenting needs; availability, type, and duration of services; service rates; client eligibility for and general availability of alternative funding sources; and local practice and policy changes. Over the past several years, CSA expenditures have been increasing significantly, primarily due to the increase in number and cost of private day educational services. The FY 2017 General Assembly directed OCS to support the work of House Appropriations and Senate Finance Committee staff to explore options to address this issue. Additionally, a recent decision of the Supreme Court of the United States (*Endrew F. v. Douglas County School District*, March 22, 2017) has the potential to lead to increased costs to provide services via the CSA to students with educational disabilities.

**Agency Statistics**

**Statistics Summary**

The following statistics provide a snapshot of key CSA program outputs during the FY 2016 program year:

**Statistics Table**

Description	Value
Total number of youth served in FY 2016	15,519
Percentage of youth served in community setting (2016)	51
Total youth served with a mental health diagnosis	7,020
Average age of youth served (years)	12
Number of youth served in residential care (FY 2016)	1,986
Program year 2016 total expenditures	363,996,063

## Management Discussion

### General Information About Ongoing Status of Agency

The Office of Children's Services (OCS) is the administrative body of the State Executive Council for Children's Services (SEC), the supervisory council for the Children's Services Act. The Executive Director of OCS, a classified state-employee, is hired by the SEC. OCS, under the leadership of the Executive Director, is responsible for implementing the decisions and policies of the SEC and is charged with responsibilities including, but not limited to the following: consistent oversight for program administration and compliance with state policies and procedures; training and technical assistance to localities in the provision of effective and efficient services to at-risk youth and families; collection of data regarding CSA-funded services; and development and distribution of management reports.

The Department of Education serves as the fiscal agent for CSA service expenditures and disburses reimbursement to local governments on behalf of OCS. The Department of Social Services provides operational supports to OCS in areas of human resources, fiscal, and information technology operations.

### Information Technology

In 2012, the Office of Children's Services (OCS) hired its first Information Technology (IT) Director. This position plans and administers the technical and data operational activities for the Children's Services Act.

OCS will complete or continue implementation of several major IT initiatives during the remainder of the current biennium including:

- Using data analytics for purposes of utilization management, program evaluation and program improvement.
- Enhancements to the uniform assessment instrument (Virginia Child and Adolescent Needs and Strengths Assessment) including: increased items for screening of trauma; increased report capabilities; and addition of a child welfare module.
- Conversion of existing IT applications to comply with operating and security requirements of the Commonwealth.
- Improving functionality of local government reporting.
- Enhancing management reports available to local governments, policy makers, and the public.

### Workforce Development

The Office of Children's Services (OCS) is a small agency, with a staffing level of fourteen (14) full-time equivalent (FTE) positions. Over the past several years, there has been increased attention to cross-training of expertise, sharing of responsibilities, and succession planning. The ability to attract and retain staff is a priority but presents ongoing challenges given the limited opportunities for professional advancement that exist within an agency of this size.

As possible, OCS provides financial support for professional development activities including participation in conferences, educational opportunities, and membership in professional organizations.

### Physical Plant

The Office of Children's Services is physically located in leased office space located in Henrico County. Lease negotiations are coordinated by the Virginia Department of Social Services (DSS) pursuant to an agency memorandum of understanding; DSS coordinates the Capital Lease with General Services. Existing space is sufficient to house existing staff, however alternative arrangements may be necessary should additional staff be required to support the Children's Services Act in the future.