



# **Tennessee and Youth Villages Common Knowledge Case Study**

June 2010

# COMMON KNOWLEDGE PROJECT

Common Knowledge is a Casey Family Programs project that focuses on learning what is working on a broad or systemic level to achieve better outcomes for children involved with the child welfare system. In particular, the project investigates how jurisdictions have achieved safe reduction of the number of children in the child welfare system with the goal of sharing successful strategies across jurisdictions.

In 2008, Common Knowledge teams had the privilege to visit Utah, Allegheny County in Pennsylvania, and Illinois. In 2009, teams visited Georgia and Duval and Alachua Counties in Florida, as well as the Casey Family Programs Seattle Field Office. These jurisdictions and the Casey office have demonstrated significant reduction of the number of children in foster care. While the jurisdictions have had different approaches to achieving reduction, Common Knowledge has found common elements and strategies that led to safely decreasing the number of children in the child welfare system.

- There was a **Driver of Reform** - in some jurisdictions, there were high-profile child injuries/deaths and/or consent decrees with a general lack of public confidence in the system. In other jurisdictions, the driver was a proactive commitment resulting from evidence of poor outcomes for children, families, and the system itself.
- **Intentional Change Process** - the approach to managing the change process varied from grassroots community development to formal change management, but jurisdictions had an intentional process with continuous quality improvement to increase efficiency and effectiveness of the work.
- **Strong Leadership** - leaders were consistent in prioritizing the reform, mission and values driven, effective at building internal and external coalitions and strong management teams to sustain the effort, and managing to clear and measurable outcomes.
- **Values to Practice** - the policies and practices were grounded in shared and articulated values.
- **Building the Will/Influencing Policy** - there was a strong commitment to building internal and external public will in support of the outcomes.
- **Data Driven** - jurisdictions made accurate and current data a priority; desired outcomes were identified, measured, and reported; and the course was changed based on outcomes.
- **Financing** - jurisdictions made upfront investments in reform efforts, which ultimately led to reduced caseloads and opportunities to capture savings for reinvestment; funding innovations and federal waivers were also strategies.
- **Maintaining and Refocusing Momentum** - through strong alliances with the community and support of internal staff, the reform efforts have been maintained and expanded in spite of crisis, competing priorities, and leadership changes.

## COMMON KNOWLEDGE VISIT

Literature and data reviewed by Casey Family Programs identified Tennessee as a jurisdiction that had achieved a significant and safe reduction of the number of children in the child welfare system. In addition, Casey had reviewed literature about Youth Villages, a Tennessee child welfare private provider that has expanded to provide services in other child welfare jurisdictions. A number of Casey staff had also visited or talked to Youth Villages about how their work has impacted reduction. Therefore, the Common Knowledge team was interested in including interviews with Youth Villages as part of a Tennessee child welfare visit. In November 2009, Casey Family Programs staff from Knowledge Management conducted a one-day visit to Youth Villages' home office in Memphis followed by a one-day visit with the Tennessee Department of Children's Services (DCS) in Nashville to learn more about systems-level change that had contributed to their improved outcomes. The meeting with Youth Villages involved discussion with about a dozen staff in leadership positions. The visit to the DCS office included meetings with the Internal Contracts Review Team, composed of deputy commissioners and department heads; Andy Shookhoff, one of the five Technical Assistance Committee members advising and assisting DCS in its efforts to design, implement, and evaluate the reforms and improvements required by a settlement agreement; and DCS Commissioner Viola Miller.

Through the Tennessee Common Knowledge visit, Casey Family Programs learned more about how the histories of Youth Villages and Tennessee child welfare are woven together. Youth Villages, an innovative and progressive private agency in Tennessee, moved quickly to develop and improve programs and practices that matched the values aspired to by Tennessee child welfare and those seeking to improve that child welfare system. In turn, Tennessee child welfare partnered, as well as contracted, with Youth Villages to capitalize on Youth Villages' innovations and expertise. The creation of an intensive in-home services program under the Tennessee Medicaid waiver program (TennCare) is one example of Youth Villages' work that has positively impacted the child welfare environment in Tennessee. Comprehensive Child and Family Therapy (CCFT) has proven its value to the managed care organizations (MCOs) for TennCare by serving youth with emotional disturbances and complex family problems who are at high risk of entering hospitals, residential treatment centers, and state child welfare custody. Youth Villages' outcome data continue to demonstrate the positive long-term impact of these programs, including the low rate of entry into expensive out-of-home placements. Two hallmarks of Tennessee child welfare discussed later – the continuum of services and performance-based contracting (PBC) – are also examples of the symbiotic relationship between Youth Villages and DCS.

Unless footnoted, all information in this report reflects the interviews and written information obtained from the Common Knowledge visit in Tennessee. To ensure that this paper accurately represents those visits, those interviewed have reviewed the content.

# TENNESSEE AND YOUTH VILLAGES BACKGROUND

## Structure

### Tennessee Department of Children's Services

Tennessee child welfare is state-administered by the Department of Children's Services (DCS), which is a department-level entity, headed by a commissioner under the executive branch of the state government. One of three deputy commissioners, Bonnie Hommrich oversees Protection and Permanency, which includes:

- the Office of Child Safety, which focuses on the front-end work of receiving, assessing, and investigating reports of child abuse and neglect; responding to families based on their individualized needs and supporting the preservation of family connections when at all possible; and preventing the occurrence and reoccurrence of abuse or neglect;
- the Office of Child Permanency, which ensures the provision of adoption, foster care, and permanency-planning services for children and families throughout Tennessee;
- the Office of Well-Being, which oversees education, interdependent living, and Medical and Behavioral Health; and
- the Office of Regional Support, which provides programmatic support and technical assistance to all thirteen (13) regions of the state to ensure practice fidelity and assist with regional projects to improve outcomes for children and families in each region.

There is also a deputy commissioner for administration and training, and one that oversees juvenile justice. It is important to note that Tennessee DCS is a unified system, encompassing both the child welfare and juvenile justice functions. The continuum of services and, more recently, performance-based contracting serve all youth in state custody, regardless of whether they are adjudicated as dependent/neglect or delinquent.

The current DCS system incorporates centralized intake, a practice model of family-centered practice with use of Child and Family Team Meetings, performance-based contracting (PBC), recent adoption of an alternative response system known as Multiple Response for Child Protective Services, and a new SACWIS system called the Tennessee Family and Child Tracking System (TFACTS). The state recently received accreditation from COA.

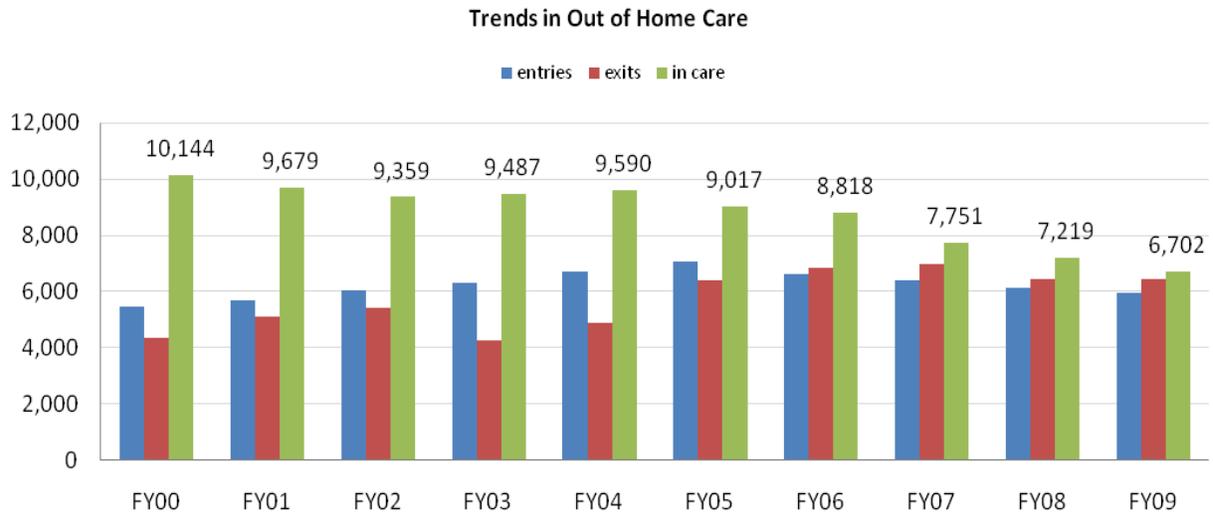
### Youth Villages

Youth Villages was formed in Memphis, Tennessee in 1986, when two youth residential centers merged to create a new nonprofit organization that served about 80 children from juvenile justice and child welfare. The agency expanded services geographically in Tennessee. It also grew programmatically, encompassing treatment foster care and in-home services, including Multisystemic Therapy (MST) for youth involved in the juvenile justice system and development of a similar model known as Intercept, for youth in the child welfare and mental health systems. Expansion of services allowed the agency to implement a fully integrated Continuum of Care. Based on its own outcome data, the agency developed a Transitional Living Program to assist youth aging out of custody in developing independent living skills. The adoption program was expanded and a mentoring program was developed to better serve youth in state custody. By 1995, Youth Villages was serving 1,000 children. The agency now operates programs serving more than 3,100 young people on any given day in 11 states and the District of Columbia, with a home office in Memphis, Tennessee. Youth Villages is currently Tennessee DCS' largest service provider.

## Data Overview

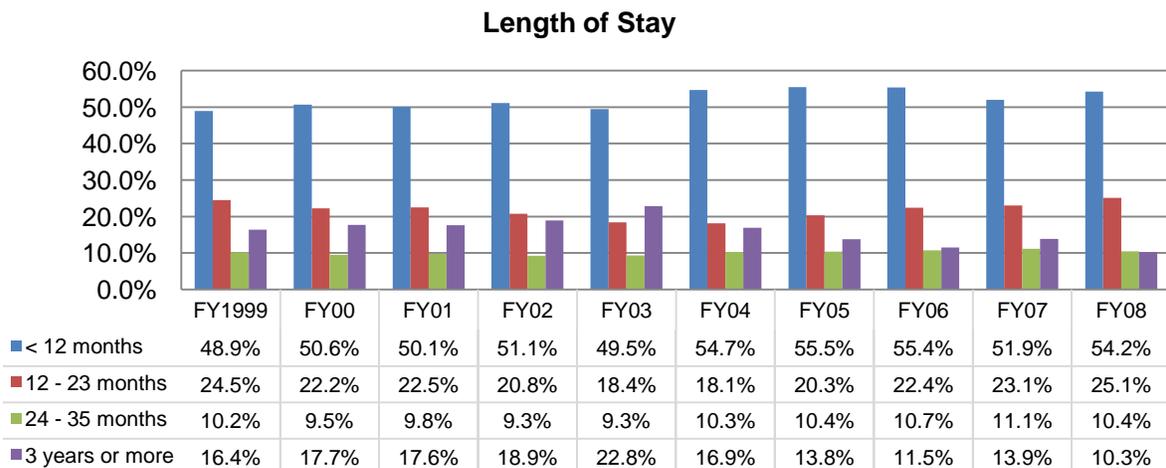
### Tennessee DCS

For a reduction to occur more quickly, the number of children exiting out-of-home care must consistently outpace the number of children entering out-of-home care for a sustained period of time. In Tennessee, entries were higher than exits until FY06. The overall number of children in out-of-home care has been declining over the last several years. Between FYs 2000 and 2009, the number of children in care has decreased by 34 percent.



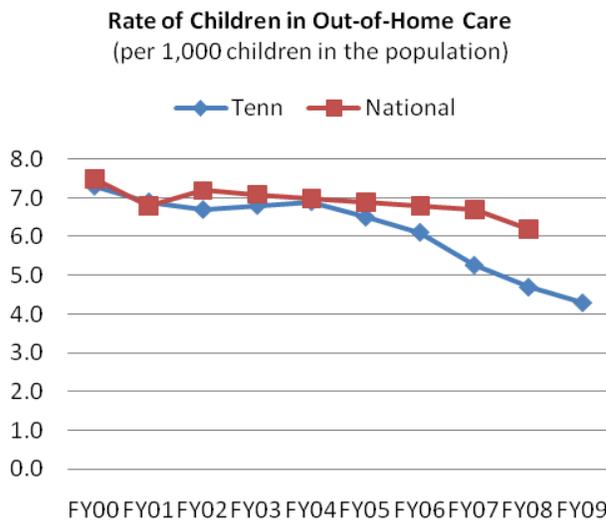
(Source: NCANDS data from Child Maltreatment Reports and AFCARS data from ndas.cwla.org and the National Data Archive on Child Abuse and Neglect)

A decrease in the percentage of children in care at the longer lengths of stay and an increase in the percentage of children in care at the shorter lengths of stay may contribute to an overall reduction in the number of children in out-of-home care. In Tennessee, the percentage of children in care for less than 1 year has increased while the percentage in care for more than 3 years has decreased.



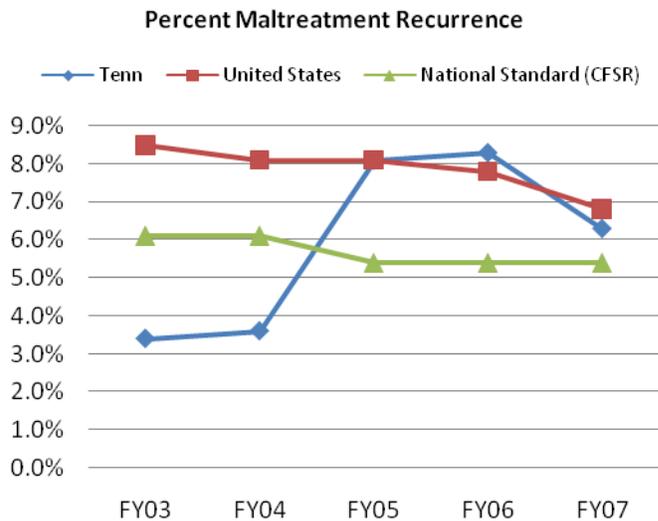
(Source: NCANDS data from Child Maltreatment Reports and AFCARS data from ndas.cwla.org and the National Data Archive on Child Abuse and Neglect)

The rate of children in out-of-home care per 1,000 children in the population has been declining and is currently well below the national average.



(Source: NCANDS data from Child Maltreatment Reports and AFCARS data from ndas.cwla.org and the National Data Archive on Child Abuse and Neglect)

The percentage of children experiencing maltreatment recurrence in Tennessee has decreased over the past few years and is currently below the national average (but still above the national standard), indicating that the safety of children has not been compromised by the reduction.



(Source: NCANDS data from Child Maltreatment Reports and AFCARS data from ndas.cwla.org and the National Data Archive on Child Abuse and Neglect)

## Youth Villages

A December 16, 2009, report from Youth Villages<sup>1</sup> released data showing that Youth Villages' family counselors have helped nearly 17,000 children with serious emotional and behavioral problems and their families in Alabama, Florida, Georgia, Massachusetts, Mississippi, North Carolina, Tennessee, Texas, Virginia, and Washington, D.C., since it began offering intensive in-home services in 1994.

The data show that the program helped children who were in state custody or at risk of entering the foster care, mental health, or juvenile justice systems achieve long-term stability at home. Some 84 percent of the children who completed at least 60 days of service were living successfully at home two years after leaving the program; 82 percent reported no trouble with the law; and 83 percent were in school or had graduated.

According to Youth Villages' 2009 annual report, 58.9 percent of the youth served in 2009 were from Tennessee.<sup>2</sup>

## **BUILDING BLOCKS OF REFORM**

### **Driver of Reform**

Youth Villages' staff said their opportunities for growth in jurisdictions have been largely due to lawsuits and systems reform. "Otherwise, very rarely is there a commissioner who's willing to do something different and create the political will for change." They added, "States need to do something *significant* to change; get the point across they're serious about reform."

In Tennessee, prior to the creation of DCS in 1996, services for the state's children were provided through six separate departments — Education, Youth Development, Finance and Administration, Health, Mental Health and Retardation, and Human Services — and were, according to all those interviewed for this report, siloed and uncoordinated.

Between 1991 and 1995, an attempt was made to improve and coordinate services for children, youth, and families with the Tennessee Children's Plan. To inform implementation of the plan, Youth Villages, with private funding, wrote a report in 1993, *Solving the Puzzle*, after completing a survey on service needs in rural West Tennessee. In the conclusion to that study they note:

In identifying dysfunctional families and children in need of support, the first line of fire is reaching them when their problems first appear – in the courts, schools, and social service agencies. At this point, long-term, family-based, in-home services should be provided, according to the needs of the families, with the goal of helping children and families to help themselves.

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<sup>1</sup> Youth Villages, *In-home services programs: Information from October 1994 through September 2009*. (2009). Retrieved March 22, 2010, from [http://www.youthvillages.org/yvpublicationDetails.aspx?publication\\_id=84](http://www.youthvillages.org/yvpublicationDetails.aspx?publication_id=84)

<sup>2</sup> Youth Villages, *Success in black and white: Youth Villages 2009 program report*. (2009). Retrieved April 5, 2010, from <http://www.youthvillages.org/flash/program-report-2009/player/files/pdf/publication.pdf>

However, between 1991 and 1995, the total number of children in custody increased by almost 3,000 to 11,131, with 35 percent of the children having a documented mental health need. Use of restrictive, residential psychiatric placements increased from 1991 to 1995.<sup>3</sup> The decision was made to merge departments, driven both by funding and leverage issues, as well as dissatisfaction with turf and responsibility issues, especially concerning hard-to-serve youth. The merger was a struggle, with a state fiscal crisis forcing budget cuts to the new department. Internal conflicts over philosophy and values were also a challenge, especially since the leadership and mid-level managers of the new DCS came from the juvenile justice field rather than child welfare.

Still, progress was made, assisted by legislative leadership that supported structural reforms and creative funding and contracting. The Continuum, “a service-based system of care which allows flexibility in designing services for the child/family, the ability to facilitate rapid movement of the child through the service system and the ability to ‘customize’ the delivery of services to each child and family in the least restrictive, and most cost-efficient manner,”<sup>4</sup> was developed in the summer of 1995 when Youth Villages proposed and operated a pilot continuum program. Innovations from this period provided the foundation for Tennessee’s continuum of services and incentive-based contracting.

In the Continuum, youth are assigned a level based on an assessment of their behavioral acuity. The level represents both the services that agencies must provide and the rate at which they will be reimbursed for care. Providers are at financial risk, as they must provide all services that children require, regardless of the assigned level. However, the Continuum also represents an opportunity for providers, as they are incentivized to maintain youth in the least restrictive, most effective treatment setting.

Then, in 2000, Children’s Rights filed a lawsuit against DCS. State officials chose arbitration to resolve the lawsuit (the Brian A. Settlement) and then-Commissioner George Hattaway viewed the process as a way to continue to improve the system. Again, progress was made, including development of a practice model.

One of the provisions of the settlement was that services were to be provided in a family setting whenever possible. Congregate care providers, even those who had invested in doing a good job in this arena, were put on notice that their services would not be favored in the new model; many of them found this hard to accept. The Tennessee association of group provider professionals went to the legislature with this issue; while they were protesting, Youth Villages was testifying that the new continuum approach they piloted improved outcomes with reduced costs, using their own data as evidence. A major statement about the seriousness of the change came when then-Commissioner Page Walley and Deputy Commissioner Leonard Burton closed, despite opposition, the 200-400 bed residential Tennessee Preparatory School.

Also in 2000, Youth Villages began its intensive in-home services program for youth at high risk of entering hospitals, residential treatment, and state custody, through a partnership with the TennCare MCOs. Over the next 10 years, Youth Villages served more than 7,000 youth in the CCFT program; outcomes indicated that 88 percent of youth were still in the home at two years

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<sup>3</sup> Heflinger, C. A., Simpkins, C. (1996). Modeling utilization of child residential psychiatric treatment. Abstract only retrieved March 25, 2010, from

[http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content\\_storage\\_01/0000019b/80/19/aa/61.pdf](http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/19/aa/61.pdf)

<sup>4</sup> Tennessee Department of Children’s Services. *Private provider manual*. (effective 7/1/09). Retrieved March 2, 2010, from [http://tennessee.gov/youth/providers/prov\\_policies.htm](http://tennessee.gov/youth/providers/prov_policies.htm)

post-discharge. Given the intense family focus of the program, with an emphasis on stabilizing and supporting parents in their efforts to provide structure for their child, the likely impact extends to siblings in the households served, thus widening the effect of the program far beyond the 7,000 youth served. This service specifically targets youth with emotional disturbance and/or serious behavioral problems in combination with complex family problems that often lead to the youth's entry into custody and, thus, has had a significant impact on the landscape of child welfare in Tennessee.

In 2003, a new governor took office and a new commissioner was appointed. Sixty-nine separate items were being monitored by the compliance monitor for the Brian A. lawsuit. As a result of the monitor's report, which cited numerous instances of failure to make progress toward meeting the terms of the settlement agreement, contempt proceedings were initiated in November 2003, and an interim commissioner was appointed. The Technical Assistance Committee (TAC) for the lawsuit, a group that had been working on strategies to resolve issues, released a document in December that identified barriers to progress and proposed an implementation agenda. The state searched to find a proven leader to head up implementation. Viola Miller was hired as commissioner in December 2003. The contempt proceeding was mediated with help from the Annie E. Casey Foundation, with requirements that DCS develop an approved, enforceable implementation plan under the oversight of the TAC.

## Intentional Change Process

The stipulation resolving the contempt proceedings required that the Implementation Plan

consist of goals, strategies, action steps, benchmarks, responsibilities, and time lines in each of nine substantive areas [later changed to eight "domains"] deemed critical to achieving compliance with the Brian A. Settlement Path to Excellence Implementation Plan.<sup>5</sup>

According to DCS staff, the strategic plan "drove what the department was doing and reporting. It gave everyone sequence and order for what to do." Staff believed, "Numbers will move if we're doing the right things."

In the late 1980s, as Youth Villages began to track data on outcomes for the youth for whom they provided residential care, they discovered that many youth returned to child welfare or juvenile justice, and they began looking for strategies and programs that would improve outcomes. Youth Villages adopted Re-ED (Re-Education of Emotionally Disturbed Children) as their treatment philosophy, particularly in their residential programs. In 1992, Youth Villages opened its first non-residential program, treatment foster care. Their 1993 *Solving the Puzzle* study (previously mentioned) influenced them to find a national model with effective in-home services. In meeting with the University of Iowa's National Resource Center for Family Based Treatment, they were advised to attend a national conference in Florida, where Youth Villages staff heard a presentation on Multisystemic Therapy (MST), in which results from recent clinical trials were presented. Youth Villages consequently entered into a consulting contract with the developer of MST and began the process of learning and implementing MST in January 1994. Between 1993 to 1995, "we changed everything," Youth Villages leadership staff said.

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<sup>5</sup> Tennessee Department of Children's Services. *Path to excellence implementation plan*. (n.d.). Retrieved March 25, 2010, from <http://www.tn.gov/youth/dcsguide/PathtoExcellenceOverviewandDomains.pdf>

When Youth Villages adopted use of the evidence-based in-home program (MST), it was the first social services provider to implement MST on a large scale outside of clinical trials. MST was originally designed to impact youth ages 12-17 with antisocial behavior. For the broader child welfare and mental health populations, Youth Villages developed and implemented their own model of intensive in-home services, Intercept, which shares many characteristics of other family preservation programs.

## **Strong Leadership**

Strong and stable leadership at all levels of both DCS and Youth Villages has been a contributing factor to Tennessee's success in reducing the number of children in the child welfare system.

In 1980, at age 24, Patrick W. Lawler, the CEO of Youth Villages, was selected by the presiding juvenile court judge to run a failing residential treatment facility. After turning the facility into a well-run treatment center, a merger with another residential facility in 1986 created Youth Villages, with Lawler at the helm. Although Lawler is clearly a driving force in the organization, he emphasized how critical individual initiative and leadership throughout the organization has been to Youth Villages' success. In the conversations Common Knowledge staff had at Youth Villages, the organization's "learning culture" and openness to hiring creative people was stressed. They said that "sometimes the requirements for positions [in other organizations] prevent them from hiring the 'right people;' we try to hire looking at personal characteristics, abilities and skills, rather than just credentials, when possible." They also noted, "we have an amazing ability to move people around where they fit best."

According to DCS management staff, the leadership "inspiration" of Commissioner Viola Miller and "task-oriented approach" of Deputy Commissioner for Protection and Permanency Bonnie Hommrich combined to produce child welfare reform that was "not just a response to the lawsuit but a basis of solid child welfare practice." Tennessee has now had six years of leadership stability. Deputy Commissioner Hommrich noted that the lawsuit, "while painful," has helped leadership. She noted that "the TAC was able to see the [child welfare] forest for the trees," and helped provide leadership with credibility and vision. Commissioner Miller credited LEADERSHIP ("Write that down in caps!") as a critical lesson learned for successful reduction. She emphasized the need for strong, thoughtful leadership at all levels of DCS and also noted appreciation for the guidance Tennessee received from Chapin Hall.

According to Viola Miller, "turnover in regional leadership has been planned and strategic." Leadership teams are graded. If a team receives a B+ or less, the leader receives coaching and mentoring or is encouraged to explore other professional options.

A current leadership initiative under development will be led by the commissioner and deputy commissioners, who will receive training in coaching and mentoring. Forty staff will participate in teams of eight, each with a mentor from top management. The approach will also be didactic, with the University of Tennessee's spring and summer practicum applied to issues in the participants' regions. Participants will obtain 6 master's-level credits. Tennessee just completed COA accreditation, but with a waiver for supervisors without master's degrees, so facilitating the attainment of educational credentials will provide an important, secondary gain for this leadership project.

## Values to Practice

While Youth Villages moved quickly to develop policies and practices that supported their values of child and family-centered practice and permanency, DCS, while long holding the same values, struggled longer to successfully change policy and practice. The previously mentioned Children's Plan was one attempt. The 2003 *Standards of Professional Practice For Serving Children and Families: A Model of Practice* emphasizes family-centered practice and

represent[s] DCS' ambitions for best practices in serving children and families in Tennessee. These ambitions are based on the fundamental beliefs that all children served by the Department deserve to be safe from harm, nurtured by life-long families, and provided with the same protections and supports that any loving parents would expect for their children.

The 2004 *Path to Excellence Implementation Plan* reaffirms,

the primary aims of this implementation plan concern keeping children safe, achieving permanency for children, and ensuring the short- and long-term well-being of children and their families through the identification and provision of quality services in a timely manner and in keeping with best practice models.

However, not until implementation of this plan began did real reform and reduction in the number of children in care take place throughout Tennessee. Today, policies and practices are child- and family-centered and emphasize permanency to the extent that, with performance-based contracting for service providers, "we buy permanency, not services."

### **Performance-Based Contracting (PBC)**

Those interviewed for this report noted that, when the Continuum was created in the late 1990s, some pieces were not implemented due to lack of political will: 1) the requirement that all providers have a full continuum; and 2) that all would provide outcome data to the state so the state could adjust contracts. In response to the Brian A. Settlement re-negotiations, DCS contracted with Chapin Hall researchers to develop a model for PBC that would lead to improved and timelier outcomes. PBC uses an innovative and sophisticated approach to accomplish a very simple goal – moving children to permanency as quickly as possible. PBC measures include care day utilization, exits to permanency, and re-entries into care. Providers are rewarded for improvement in performance and are penalized if the measures indicate performance below expectations.<sup>6</sup> Incentives (and penalties) are calculated based on savings realized by the state from decreased care day utilization; the state portion of the continuum per diem rate (about 49 percent) is further adjusted 5-10 percent to reflect the provider's performance on increasing exits to permanency and decreasing re-entries into care.

The plan for PBC was phased in, starting with a request for information sent to all residential providers in December of 2005. Phase I providers were asked to compete only against themselves by increasing their permanent exits by 10 percent, decreasing their care days by 10 percent, and lowering their re-entry rates within the fiscal year. In each case, the goals were set relative to each provider's historical performance on each measure and within specific groups of

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<sup>6</sup> Tennessee Department of Children's Services. *Annual report: Fiscal Year July 1, 2007-June 30, 2008*. Retrieved March 25, 2010, from <http://www.state.tn.us/youth/dcsguide/AnnualReport2008.pdf>

children.<sup>7</sup> PBC actually began on July 1, 2006, with five providers, one of which was Youth Villages.

Starting with the first five pilot providers, PBC has shown positive outcomes; care day utilization has been reduced and permanent exits have increased without any increase in re-entries into care. Provider participation in PBC has been increased incrementally from five agencies in FY2007 to 11 in FY2008, 20 in FY2009, and 35 in FY2010. As of July 1, 2010, all child welfare and juvenile justice providers are required to participate in PBC. DCS and Youth Villages' staff alike commented that successful strategies for implementing PBC included: the phased-in approach, allowing the performance base for each contractor to be the agency's historical performance, and allowing the first year of PBC for each agency to be risk-free while allowing them to earn incentives. Further development of the PBC model continues. One current initiative is the creation of a PBC scorecard that will encompass a wider spectrum of measures, such as: placement moves; compliance with Medicaid Early Prevention, Screening, Diagnosis and Treatment requirements; and reporting compliance in the DCS database, as well as quality of care measures. In addition, while measurement against each agency's historical performance was an important feature of the PBC roll-out, now that all providers are under PBC, minimum standards for average care day utilization and exits to permanency are being considered.

Prior to PBC, Tennessee had approximately 70 providers; that number dropped by a third over the past three years. To succeed in the PBC environment, single-service providers needed to subcontract to be part of a continuum. Smaller agencies needed to link with larger agencies, as it is difficult for small agencies to have adequate infrastructure to monitor and improve performance. A variety of organizational structures have been successful, with some agencies partnering to bring together a full continuum of services while others became subcontractors in order to survive. Tennessee's two largest providers now are Youth Villages and Omnivisions.

Youth Villages has been Tennessee's top performer in PBC. It has increased from about \$900K in incentives the first year to \$3.02M this year. It is important to note that Youth Villages' staff indicated that their success in producing the outcomes desired by DCS were in large part due to extra services they provide, such as in-home transition services that begin while youth are still in placement. These 'extra' services represent increased costs for Youth Villages, but they are deemed essential in achieving long-term positive outcomes for children and families.

### ***Practice Improvement and the University Learning Consortium***

According to Commissioner Miller, Chapin Hall consultant Fred Wulczyn told providers at the onset of PBC that

“for every hour they spend thinking about money, they need to spend 10 hours thinking about the clinical work.” Those who did have done very well. Agencies who put their money into staff and improving their service components, etc., have generally been successful, but we have a number of agencies who have really struggled.

DCS supports use of evidence-based practices, but providers have latitude regarding how to achieve desired results. Some agencies, with Youth Villages as the prime example, use only

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<sup>7</sup> Tennessee Department of Children's Services. *Basic principles of performance based contracting*. (n.d.). Retrieved March 25, 2010, from <http://www.state.tn.us/youth/sitemap.html> (see "Providers", "PBC Summary")

evidence-based or research-informed practices (i.e., those practices that have data to show long-term positive results).

Since August 2004, Middle Tennessee State University (MTSU) has assumed responsibility for a multimillion-dollar training grant awarded by the Department of Children's Services. Programs that have had a significant impact on the public child-welfare reform effort in Tennessee include:

- The Tennessee Social Work Education Consortium (TSWEC) comprising eight universities throughout the state charged with the provision of quality social work education and professional development to Tennessee's child welfare workforce.
- The Tennessee Center for Child Welfare (TCCW), an MTSU program that began in 2004 as the DCS child-welfare training operations base. TCCW provides direct services to DCS in the form of professional development, technical assistance, and organizational support, and also provides administrative and organizational support to TSWEC so that these universities are communicating, cooperating, and performing effectively. The center also has a corps of supervisory specialists who support direct-service supervisors across the state.
- The Tennessee Child Welfare Learning Collaborative is a partnership of TCCW, the consortium, DCS and private-provider staff to develop a statewide training system. Commissioner Miller said that DCS gave seed money for training on trauma-focused interventions. "We see such a difference for the harder kids. Anecdotally, it's really successful." Trauma-focused interventions are also a focus for juvenile justice work at the request of the legislature and include OJJDP-funded research.

## Building the Will

According to those interviewed and the following items taken from "List of Major Accomplishments January – June 2004,"<sup>8</sup> building internal and external will was a major element of implementing change. In that time period, DCS:

- Established the Department of Children's Services Core Leadership Team.
- Established that Core Leadership Team members serve as liaisons for Regional Leadership and Core Implementation Teams.
- DCS Commissioner met with more than 1,000 employees regarding implementation of the *Practice Model* and quality child welfare service delivery.
- DCS Commissioner met with key Community Service Agency staff to begin negotiation of contracts that are outcome-focused and in alignment with the *Practice Model*.
- DCS staff met with key private providers to initiate implementation of continuum study recommendations, specifically addressing the percentage of Level II & III children in foster home settings.
- Initiated flex fund restructuring and simplification.
- Finalized foster home approval for more than 1,000 kinship providers.
- Began developing an Independent Living five-year plan with broad-based community involvement.
- Began development of the University Training Consortium to support, enhance, and expand DCS' staff development resources.

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<sup>8</sup> Tennessee Department of Children's Services. *Path to excellence implementation plan*. (n.d.). Retrieved March 25, 2010, from <http://www.state.tn.us/youth/dcsguide/PathtoExcellenceOverviewandDomains.pdf>

Commissioner Miller said that effective messaging is always about “shared vision, clearly articulated, about the kids, not the numbers.” She said when she assumed her position, it “was clear there were too many children in care and we had to control the front end and the back end.” The question was: what strategies to use? She wanted strategies that would provide infrastructure (i.e., real change) but also knew they needed some ‘one shots’ to give quick results and credibility to the change process. An example given of how Tennessee achieved quick results was Project Permanency, intended to move children who stayed in the system for long periods of time to permanency, and to move children who could not return to their families to an adoptive home more quickly. In tackling the larger issues, the approach was: “1) building the infrastructure, and 2) ‘chunking up’ the work. And don’t do it all yourself, for example [the work done by] our Tennessee university consortium.”

DCS leadership staff said that, from the start, they recognized that providers have to “own” permanency and have an equal stake with DCS in achieving it. They said that Fred Wulczyn told them that, as child welfare administrators they were ultimately responsible for the policy decisions related to children and families. They took his advice to get centered on what was best for children and families and then engaged the providers. Leadership resolve was necessary. “What we said to providers was: ‘We *are* going to reduce the number of children in care dramatically. We’re worried for you if you don’t use performance based contracting.’” DCS continues to work “to bring providers along. We try to work with them and provide technical assistance. We can see which providers are making the shift easily and who is struggling.”

Youth Villages has escalated public will-building in other states to currently include seven state-level government relations consultants and governmental relations offices at the national level. Their national policy agenda includes positions on Medicaid health care coverage and appropriate services for children, child welfare funding reform, additional assistance for youth aging out of foster care, and the White House Office for Social Innovation. Youth Villages was recognized by the White House in 2009 as a nonprofit organization with “promising ideas that are transforming communities.”

## Data Driven

DCS and Youth Villages agree that data collection and analysis are key to child welfare reform. Commissioner Miller said: “You can’t do systems change without good data. You need to know what isn’t working because you’re going to make some mistakes.” Consultation about data collection and use from Fred Wulczyn of Chapin Hall was a “huge help.” Still, she emphasizes that “you never want to drive reform on numbers alone. And you have to keep an eye on re-entry and re-abuse. We did reduction with no increase in these; that’s what I’m most proud of.”

The 2008 TAC Monitoring Report cites DCS improvement in data collections and use, as follows:<sup>9</sup>

As the Department has moved forward with its outcome-focused reform efforts, it has moved from an organization that had been largely unable to produce basic data about the children in its custody to one that is increasingly data-driven. The Department has

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<sup>9</sup> Children’s Rights. *Monitoring report and appendices of the Technical Assistance Committee in the case of Brian A. v. Bredesen*. (December 15, 2008). Retrieved March 25, 2010, from [http://www.childrensrights.org/wp-content/uploads/2008/12/2008-12-15\\_tn\\_tac\\_monitoring\\_report\\_w\\_appendices1.pdf](http://www.childrensrights.org/wp-content/uploads/2008/12/2008-12-15_tn_tac_monitoring_report_w_appendices1.pdf)

done an impressive job in building the capacity of TNKids (its present data system) to provide a wealth of data that it had not originally been designed to produce, while at the same time investing in the development of a successor, SACWIS system, the Tennessee Family and Child Tracking System (TFACTS)...

The Department has used its increased data capacity to understand its performance, develop improvement strategies and set goals, and then to track progress toward achieving those goals, both the specific outcome goals and performance measures set forth in the Settlement Agreement and others that the Department has established for its own management purposes. In order to do this, the Department has created a quality improvement structure, both at the state level and within each of its regional offices, led by an Office of Performance Quality Improvement and supported by regional staff with responsibilities to support and facilitate continuous quality improvement (CQI) efforts in the regions.

Commissioner Miller also reported that

the CANS [child and family assessment tools] has been a marvelous addition. We kept seeing re-entry of juvenile justice kids. With CANS, it became clear that the issue was that the kids got better while the families stayed the same. Therefore, we need to give parents what they need while the kids receive treatment and service. We're getting staff to see the importance of strong family engagement and services.

As noted earlier, from its inception, Youth Villages has collected, analyzed, and used program data far beyond that required by their contracts with jurisdictions, and that data has provided the framework for its continuous improvements. Youth Villages has a "culture of accountability;" nearly a dozen years ago, they adopted a 'balanced scorecard' approach (based on the Kaplan & Norton book of the same name) with 10 centrally managed core indicators that measure the health of the organization and scorecards that are managed at the program level. While data analysis was once a central office function, the scorecard process has pushed both collection and analysis to the front-line supervisor level. The organization has a custom-built relational database that is easy to use and provides information on each unit's progress over time and on their performance in relation to similar units across the organization. Information sharing cascades up from the supervisor level; these staff examine the data and share their insights into what is working (and not working), as well as performance improvement plans, with program leadership, who in turn relay the information to agency leadership. "They see so much more in the data than the central office ever could, plus they are more motivated for self-discovery and correction." The information then circles back to the front-line level with additional input from program and agency leadership. Leadership stress that these data are used "to find the right questions to ask, to maximize use of energy, not to 'beat up' staff."

## Financing

### *Upfront Investment*

In the August 31, 2009, *Supplemental Monitoring Report of the Technical Assistance Committee in the Case of Brian A. v. Bredesen*,<sup>10</sup> the authors state:

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<sup>10</sup> Retrieved March 25, 2010, from <http://www.tn.gov/youth/dcsguide/fedinitiatives.htm>

Finally, it is important to acknowledge that the Department's achievements to date have depended in no small measure on the resources that the Tennessee Legislature has allocated to support the Department's work, even in the face of budgetary problems resulting from state revenue shortfalls."

DCS staff interviewed added, "Funding enabled the department to compensate workers in the field adequately and provide step increases for staff to attract better workers;" those interviewed attested that some private providers were paying more than the state and that many state staff at the time needed to have second jobs. Increased funding also provided for 600 child welfare staff positions, which allowed for smaller foster care caseloads. However, it was also noted that the Brian A. Settlement Agreement was focused on children in foster care and "not one CPS worker was added as a result of the lawsuit." Since then, the department has shifted positions as necessary because "if you don't do CPS well, it impacts the whole system."

Staff also gave credit to other organizations, such as the Annie E. Casey Foundation, the Center for the Study of Social Policy, Vanderbilt, Casey Family Programs, and the Jim Casey Youth Opportunities Initiative, for investments they have made toward improvement.

Tennessee has also made effective use of the waiver and demonstration projects authorized by the Social Security Act that allow states flexibility in operating Medicaid programs. Specifically, the state applied for and received a 1115 Research and Demonstration Project Medicaid waiver in order to expand coverage for both children and adults, and to develop a system of managed care through which Medicaid recipients are enrolled. This waiver was originally authorized in 1994. Continued use of the Medicaid demonstration waiver with the state's current TennCare II managed care program has allowed a shift in use of Medicaid funds. Funds that formerly would have paid for institutional care for children now could be used for providing services to children in less restrictive settings. The success of the CCFT program has been previously discussed, as has the program's positive impact on the child welfare population in Tennessee.

Under TennCare, since 2003, Youth Villages also has been Tennessee's crisis program provider for children under age 18. Their Specialized Crisis Services Program, a statewide mobile crisis response system, provides assessment and evaluation of children and youth who are experiencing a psychiatric emergency. The crisis program has diverted about 70 percent of children and youth from psychiatric hospitalization and referred them to more appropriate community-based services. Since this program began, the state has closed all of its child/youth psychiatric facilities and drastically reduced the number of private child/youth psychiatric beds across Tennessee. By referring children to more effective services in the community, the program may also have had an impact on the reduction in the number of youth entering state custody.

In October of 2005, the Tennessee Department of Children's Services (DCS) received HHS approval to operate a five-year demonstration project related to permanent guardianship as a federally subsidized permanency option under Title IV-E of the Social Security Act. The goal of Tennessee's Subsidized Permanent Guardianship Demonstration was to improve permanency and safety outcomes for children and families in approved relative and kin settings. The state used the waiver authority to test whether the introduction of a subsidized permanent guardianship benefit would result in an increase of permanency and safety for children, as well as an improvement in a range of child outcomes such as reduced length of stay in foster care and improved stability of substitute care. In addition, the state hopes to estimate the overall

savings accrued from a greater level of permanence achieved by the treatment group. The June 2008 data extract for Tennessee shows a 15.2 percentage point higher rate of discharge to permanent homes from foster care in the demonstration group compared to the cost neutrality group.<sup>11</sup>

Understanding that upfront investment is critical to program success, Youth Villages has been aggressive in initiating and pursuing creative funding opportunities from private and public sources. In addition to funding continuous improvement, Youth Villages pays the start up costs of working in new jurisdictions. “We know we’ll lose money on start up.”

### **Reinvestment**

When asked about reinvestment, DCS leadership replied,

Reinvestment is a critical part of the PBC model. We’ve used it to maintain or reduce costs. The private providers system is founded on a business model. Child welfare has to develop and articulate incentives and penalties that align with positive child welfare outcomes. We’ve gotten results: residential care and the number of kids in care have come down. At first providers said that they couldn’t continue to compete against themselves for improved outcomes. A number have exceeded the reduction in length of stay beyond their wildest expectations.

However, Commissioner Miller stressed that the current federal Title IV-E foster care funding (which only provides reimbursement for room and board costs for youth in placement-based services and administrative costs, and accounts for roughly 80 percent of the federal funds states receive for the child welfare population), is a major fiscal barrier. Because the federal IV-E allotment to states is based on the number of children in foster or child-care homes, the better the outcomes the state achieves for children and families, the less federal money they receive, and the more they struggle to provide the in-home family-based preventive and rehabilitative services that are proving so effective in achieving positive outcomes for children and families.

Operating under incentive-based and then performance-based contracting in Tennessee, Youth Villages exemplifies how allowing flexible reinvestment of child welfare funds can provide innovative improvement in child welfare services and outcomes.

Some of the many innovative improvements Youth Villages has implemented (funded through reinvestment and fundraising) are:

- Reduction of caseworker time spent on paperwork through use of voice recognition technology for case notes, as well as scanning technology and centralized data entry for paper and pencil clinical assessments.
- Small caseloads with a single caseworker held accountable for child and family outcomes.
- Intensive supervision and clinical consultation – supervisors are responsible for a team of 4 or 5 caseworkers; weekly team supervision and clinical consultation with a licensed

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<sup>11</sup> Black, E., Cohen, L., & Testa, M. Subsidized guardianship: *Testing the generalizability of an idea whose time has finally come*. (August 19, 2008 presentation to NAWRS). Retrieved April 19, 2010, from [http://www.cfrillinois.edu/presentation%20pdfs/SGnawrs\\_final.pdf](http://www.cfrillinois.edu/presentation%20pdfs/SGnawrs_final.pdf)

program model expert allow all team members to become acquainted with each other's cases to facilitate problem-solving and to provide support, as well as to help provide 24/7 coverage for the families they serve.

- Intensive electronic data collection (a third generation of their system is just now being implemented) and analysis to monitor performance, outcomes, and customer satisfaction far beyond those required by the jurisdictions Youth Villages serves.

## Maintaining the Momentum

One incentive to maintain momentum is, of course, the lawsuit. The Children's Rights Class Action Web page overview on Tennessee states:<sup>12</sup>

Since the contempt motion, with a new DCS leadership team in place, the agency has made significant progress. For example, far more foster children are placed with families, and the use of large institutional placements has been greatly limited. DCS is also keeping more sibling groups together in foster care. However, DCS continues to move children too frequently between foster care placements and fails to move many older youth into permanent homes, allowing many to age out of the system at 18 without the services and supports they need for successful transition to adulthood.

Children's Rights will remain in place as a watchdog to hold the agency accountable, taking further legal action if necessary, until all court-ordered reforms are fully implemented.

However, in our talks with DCS staff, the values-based rationale for improvement (i.e., positive outcomes for children and families), rather than compliance, was always presented. One DCS staff said, in conversation about maintaining momentum, "I want to emphasize that success is the result of good, solid implementation. We have stayed true to implementation with follow through and detail."

Commissioner Miller noted that: "Systems improvement is always a process, never an event. Sustainability gives us our best shot. We need to think about it the same way that we think about permanency planning, which begins with a knock on the door."

Youth Villages says that, in Tennessee now: "We're pushing DCS hard on *prevention*. We want them to let us see kids before they've failed." Beyond Tennessee, Youth Villages is an aggressive marketer of its program models and is eager to expand to serve more children and families in more jurisdictions. However, they have found that, similar to what the Common Knowledge project is finding, the context or environment for program implementation is critical to success. Youth Villages' leadership says that the three most important things for a state to have to work effectively on reduction are: 1) family focus, family treatment; 2) good data, including data from 1-2 years post-discharge; and 3) pursuing waivers (i.e., flexible funding). Youth Villages says that three main considerations in assessing their chances for success in a jurisdiction are: 1) leadership that can create the political will and resources for change; 2) substantial private resources; and 3) staffing resources available (i.e., quality post-secondary and graduate schools in the area).

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<sup>12</sup> Retrieved March 25, 2010, from [www.childrensrights.org/reform-campaigns/legal-cases/tennessee-brian-a-v-bredesen/](http://www.childrensrights.org/reform-campaigns/legal-cases/tennessee-brian-a-v-bredesen/)

## CHALLENGES

As earlier noted, both Tennessee DCS and Youth Villages said the fact that federal funding for child welfare is primarily for foster and residential care, not for prevention and in-home services for children and families, is a challenge as they strive to reduce the number of children in foster care.

Both DCS and Youth Villages also said that residential care still poses challenges. With the emphasis on serving youth in the least restrictive, most effective setting, providers have found that the population of youth for whom DCS seeks residential treatment has changed, as those who can be safely maintained in foster homes or in their own homes are no longer receiving residential treatment. The result is that the overall level of behavioral acuity of youth in residential treatment has increased – it is not that the kids are ‘tougher kids,’ but rather, *only* the ‘tough kids’ are in residential now. Therefore, many providers have chosen to subcontract for this service rather than continue to provide residential treatment for the DCS population. Tennessee DCS states that it now needs to incentivize providers to keep those harder kids. In addition, DCS continues to improve services with trauma-focused interventions and others with unique treatment strategies. Commissioner Miller says that, “We still mix kids with conduct issues with those truly mentally ill. This is an issue with providers although Patrick Lawler [of Youth Villages] ‘gets it.’”

DCS leadership said that disproportionality and education of children in the care of DCS are also issues that the state is working to address.

## CONCLUSION

Child welfare leadership in Tennessee (including leadership by the legislature, DCS, and the lawsuit monitors/TAC) has been creative and responsive to implementing innovative strategies and supporting them with the performance-based flexible funding structure. Youth Villages has been a catalyst in this environment, but the environment has also allowed and encouraged the organization to be innovative and to expand. The partnership between DCS and Youth Villages has been mutually beneficial, as both organizations have worked toward improving services to children and families to safely reduce the number of children in the child welfare system in Tennessee.