

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



May 25, 2007

CSS LETTER: 07-03

ALL IV-D DIRECTORS
 ALL COUNTY ADMINISTRATIVE OFFICERS
 ALL BOARDS OF SUPERVISORS

SUBJECT: CORRECTIVE ACTION PROCESS

Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

This letter establishes policy for the implementation of phases of the corrective action process mandated by Family Code (FC) Section 17602(d). The statute establishes a three phase corrective action process to be used when the Department of Child Support Services (DCSS) Director determines that a local child support agency (LCSA) is out of compliance with established performance standards, or is failing in a substantial manner to comply with program requirements established in: the IV-D State plan; the Family Code; federal law; state regulations; or the DCSS-LCSA plan of cooperation (POC). DCSS is required to adopt policies for the implementation of each phase, including requirements regarding the measurement of progress and improvement which LCSAs must meet in order to be removed from the corrective action process.

DCSS will consider placing an LCSA in the corrective action process in cases in which there are serious, long-term (i.e., a minimum of two years) performance or compliance issues. The corrective action process is intended to be initiated when an LCSA has failed to address these performance or compliance issues through regular and focused efforts to improve performance and business practices. Corrective action will be initiated when more concentrated efforts are necessary to be undertaken to address long-term issues. Performance issues may include situations in which the LCSA has failed to meet the minimum federal performance standard in a particular performance measure; or the LCSA has failed to meet the performance goals established annually pursuant to FC 17602(a) for at least two years, and the LCSA performs significantly below the statewide average in a federal performance measure and fails to show reasonable improvement in the measure. In terms of compliance with the State Plan, POC, statutory and regulatory requirements, an LCSA would be subject to placement in the corrective action process when the DCSS Director determines that its compliance failure is substantial in that the failure hinders the LCSA's ability to deliver core child support services appropriately and effectively.

A decision to place the LCSA in Phase I, to move the LCSA from one phase to another, or to remove the LCSA from the corrective action process shall be at the sole discretion of the Director of DCSS, and shall be based on a review of the factors described above. The Director will also take into account: (1) the extent to which an LCSA recognizes that performance or program compliance are not at acceptable levels; and (2) the level of commitment and effort shown by an LCSA to correct the situation.

Prior to an action by DCSS to place an LCSA in the corrective action process, DCSS
 DCSS-RA-2006-MIS-0001

will provide written notice that this action is being considered. Within 30 days of receipt of such notice, the LCSA will have the opportunity to provide comments and reasons why it believes the corrective action should not be taken. The DCSS Director will make the final decision in moving the LCSA into the corrective action process or from one phase to another. The three phase corrective action process includes the following:

Phase I

Phase I requires the joint preparation of a performance improvement plan (PIP) by DCSS and the LCSA within six months of placement in Phase I. The PIP contains specific performance expectations and goals, specific actions to be taken to meet these expectations and goals, timeframes for taking the identified actions, and expected timeframes for meeting the performance expectations and goals. The analysis of program deficiencies that contribute to the identified performances issues shall be based on a review of existing data sources including, but not limited to the Comparative Data Tables, collections data, and other available program data. Strategies included in the PIP will be designed to specifically address those problem areas and will be consistent with strategies and best practices that have proven to be successful in other LCSA's. The PIP is approved by DCSS and implemented by the LCSA. In developing the PIP, DCSS and the LCSA shall ensure that the LCSA's ability to deliver core program services is not impacted by the commitment of resources required to implement the PIP. As part of Phase I, DCSS will perform periodic assessments of the LCSA's progress within the timeframes described in the PIP.

Appropriate implementation of the PIP includes the LCSA committing the resources identified in the plan and carrying out all required activities within the timeframes established in the plan. DCSS will evaluate the LCSA's progress in implementing the PIP to determine whether the issues have been resolved and the specific expectations and goals have been reached. Where the DCSS Director determines that the issues that caused the LCSA to be placed in Phase I have been successfully addressed, the LCSA will be removed from the corrective action process. However, if, after diligent implementation of the PIP by the LCSA, the targeted results are not achieved, DCSS and the LCSA will update the PIP with new activities and timeframes, and the LCSA will implement the updated PIP while remaining in Phase I.

The amount of time that an LCSA remains in Phase I is dependent on the circumstances of the individual LCSA and the progress that is made in achieving the expectations and goals established in the PIP. However, DCSS will review the actions and progress of the LCSA at least every 6 months to determine whether to change the LCSA's status.

Phase II

DCSS will make a determination to place an LCSA in Phase II in the event that the LCSA does not adequately implement the Phase I PIP, and does not meet the expectations and goals established in the plan. Phase II commences with the

appointment of a program monitoring team by the DCSS Director which conducts a thorough evaluation of the LCSA and its program, including site visits, training, and evaluation of the local program in order to identify problem areas. The monitoring team will provide technical assistance as needed to assist the LCSA in its efforts to address the identified deficiencies.

The team then prepares a final performance improvement plan which includes performance expectations and compliance goals. The monitoring team will also oversee the LCSA's implementation of the plan. Under Phase II, the LCSA must commit sufficient resources to the implementation of the final PIP, including carrying out all required activities within the timeframes established in the plan. As part of Phase II, DCSS will conduct quarterly assessments of the LCSA's progress within timeframes described in the final PIP.

When the DCSS Director determines that the expectations, goals and timeframes established in the final PIP have been met, the LCSA will be returned to Phase I. In a case where the LCSA has adequately executed the activities identified in the plan, the Director may return the LCSA to Phase I even though performance goals have not been reached. Upon return to Phase I, an updated PIP will be prepared by DCSS and the LCSA to address all performance issues, including new activities, timeframes and goals as appropriate, and will be implemented by the LCSA under the process described for Phase I above.

The amount of time that an LCSA remains in Phase II is dependent on the circumstances of the individual LCSA and the progress that is made in meeting the expectations and goals established in the final PIP. However, DCSS' decision regarding either moving an LCSA out of the corrective action process, back to Phase I, or to Phase III, will be made in a timely manner after completion of the department's final assessment of the LCSA's progress in implementing the final PIP.

Phase III

DCSS will place an LCSA in Phase III when the LCSA has failed to fully implement the activities specified in the Phase II final PIP and the expectations and goals established in the plan are not reached. Under Phase III, DCSS will assume program administration from the LCSA either directly or through an entity retained by contractual agreement. DCSS shall ensure that the County Board of Supervisors is notified of the decision to place the LCSA in Phase III and any decision to enter into any contractual agreements for program administration. As part of Phase III, the DCSS Director, or the Director's authorized representative, will have all of the powers and responsibilities of the LCSA to fully administer the local child support program. During Phase III, the LCSA is required to provide funding to DCSS to finance program administration. If the LCSA fails to provide this funding, the DCSS Director, as specified in Family Code Section 17602(d)(3), will authorize the State Controller to deduct the necessary funds from any other state or federal funds payable to the county in order to secure continued operation of the local child support program. The LCSA will remain in Phase III for a minimum of

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one year and shall not be considered for removal from Phase III until it provides reasonable assurances to the DCSS Director that it can and will comply with the applicable performance and compliance requirements.

In Phase III, the LCSA must provide reasonable assurances that it can and will address the identified issues; implement the activities identified in the final PIP; and make realistic changes to the organization, policies, and business practices which will address the identified problem areas.

When the DCSS Director determines that the LCSA has provided the appropriate assurances, the LCSA will be placed in Phase II. Upon return to Phase II, an updated PIP will be prepared by the program monitoring team which was established as part of the original Phase II process. The updated PIP will include all issues not resolved under the final PIP, plus any new issues that have arisen. The updated PIP will be implemented by the LCSA under the process described for Phase II above.

Questions regarding the contents of this letter may be directed to your regional administrator.

Sincerely,

/s/by GRETA WALLACE

GRETA WALLACE
Director