



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

October 27, 2025

MEMORANDUM

TO: The Honorable Glenn Youngkin
Governor of Virginia

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee

The Honorable Luke E. Torian
Chair, House Appropriations Committee

Michael Maul
Director, Virginia Department of Planning & Budget

FROM: Kevin Erskine 

SUBJECT: Annual Report on Foster Care Spending, Error Rates and Compliance with
Federal and State Reviews

This report is submitted in compliance with Item 324.E.2 of the 2025 Appropriation Act, which states:

- E. 1. Out of this appropriation, ten positions and the associated funding shall be dedicated to providing on-going financial oversight of foster care services. Each of the ten positions, with two working out of each regional office, shall assess and review all foster care spending to ensure that state and federal standards are met. None of these positions shall be used for quality, information technology, or clerical functions.*
- 2. By September 1 of each year, the department shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department*

of Planning and Budget regarding the foster care program's statewide spending, error rates and compliance with state federal reviews.

KE/kc
Attachment

cc: The Honorable Janet V. Kelly, Secretary of Health and Human Resources



2025 IV-E Foster Care Spending and Errors Report

Table of Contents

Foster Care Spending, Error Rates And	v
Compliance With State And Federal Reviews	v
Report Mandate.....	v
Executive Summary	v
Definitions	vi
Program Overview.....	vi
Contacts.....	vi
Author	vi
Background	1
Title IV-E Primary Reviews	1
Quality Assurance and Accountability	2
Quarterly QA Review July 1, 2024- June 30, 2025	2
Error Rate by Region	3
Review by region	3
Year End Results	3
Conclusion.....	5

FOSTER CARE SPENDING, ERROR RATES AND COMPLIANCE WITH STATE AND FEDERAL REVIEWS

A Report for the Virginia General Assembly

September 1, 2025

REPORT MANDATE

Item 324.E. of the 2025 Appropriation Act

E.1. Out of this appropriation, 10 positions and the associated funding shall provide on-going financial oversight of foster care services. Each of the 10 positions, with two working out of each regional office, shall assess and review all foster care spending to ensure that state and federal standards are met. None of these positions shall be used for quality, information technology, or clerical functions.

2. By September 1 of each year, the department shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget regarding the foster care program's statewide spending, error rates and compliance with state and federal reviews.

EXECUTIVE SUMMARY

The 2025 Appropriations Act, Item 324.E. provides ten positions and associated funding for ongoing financial oversight of foster care services. During this review cycle, Virginia complied with an error rate under 6%.

About VDSS and Family Services

The Virginia Department of Social Services (VDSS) partners with local departments of social services and community organizations, to promote the well-being of children and families across the Commonwealth. We proudly serve alongside nearly 13,000 state and local human services professionals throughout the Social Services System, who ensure that thousands of Virginias most vulnerable citizens have access to the best services and benefits available to them.

Together, we work each day to serve, empower, and create opportunities for brighter futures.

Title IV-E of the Social Security Act authorizes the federal-state Foster Care, Prevention, and Permanency program. This team addresses and predicts financial penalties through reviews of IV-E work at the local level.

DEFINITIONS

Quality Assurance and Accountability (QAA)

Virginia has ten full-time QAA Title IV-E Consultant positions, who maintain compliance and Quality Control (QC) by conducting various local-level reviews. This work ensures we receive continued funding through the Title IV-E program.

Title IV-E or “IV-E”

[Title IV-E of the Social Security Act](#) authorizes the federal-state funding for Foster Care, Prevention, Adoption, and Training programs under the Code of Federal Regulations (CFR) at 45 CFR parts [1355](#), [1356](#), and [1357](#). It is an annually appropriated program with specific eligibility requirements and fixed allowable uses of funds. Funding is awarded by formula as an open-ended entitlement grant and is contingent upon an approved Title IV-E plan to administer or supervise the administration of the program. The Title IV-E agency, in this case VDSS, must submit quarterly reports of estimated and actual program expenditures.

Online Automated Services Information System (OASIS)

A database for child welfare. This is VDSS’s online case management system for Child Protective Services, Foster Care, and Adoption cases.

Administration for Children and Families(ACF)

[ACF](#) is a division of the U.S. Department of Health & Human Services, which promotes the economic and social well-being of families, children, youth, individuals and communities with funding, strategic partnerships, guidance, training, and technical assistance.

PROGRAM OVERVIEW

Virginia’s Title IV-E Quality Assurance & Accountability (QAA) team consists of ten full-time consultants dedicated to ensuring compliance and maintaining quality control. They conduct comprehensive local-level Title IV-E Foster Care reviews, designed to identify gaps in compliance and mitigate potential financial penalties.

CONTACTS

AUTHOR

Jennifer Phillips, QAA Program Manager
Jennifer.phillips@dss.virginia.gov, 540-718-8583

Kristie Bond, Title IV-E Supervisor
Kristie.Bond1@dss.virginia.gov, 804-396-5791

Foster Care Spending, Error Rates and Compliance with State and Federal Reviews

BACKGROUND

The Virginia Department of Social Services (VDSS) is required to submit yearly estimates and quarterly reports of both projected and actual program expenditures to the Administration for Children's Bureau in support of awarded funds. These funds are allocated for monthly maintenance payments to provide daily care and supervision for eligible children.

The ACF Children's Bureau conducts periodic and systematic reviews of Virginia's Title IV-E foster care programs to ensure federal funds are utilized appropriately and to recover any improper expenditures. The implementation of the final regulatory rule for monitoring reviews has strengthened the federal partnership with states, enhancing foster care eligibility program management and securing safe placements for children. In response to these reviews, states have proactively conducted program assessments and improvements to meet compliance standards or have implemented enhancements based on review findings.

TITLE IV-E PRIMARY REVIEWS

Virginia's Title IV-E foster care program has demonstrated continued success, as evidenced by its successful completion of the 2019 Primary Federal Review. This review marked the second consecutive positive outcome for Virginia under the Title IV-E federal oversight. During the 2019 exit interview, the Children's Bureau commended the Virginia Department of Social Services (VDSS) for its robust quality assurance measures and thorough IV-E review process. The program's success is largely attributed to the expertise and dedication of our Title IV-E consultants.

In February 2025, Virginia underwent a Primary Federal Review of its Title IV-E Foster Care expenditures. The results of this review have not yet been received. During the review process, several key areas were identified that require Virginia's attention to ensure full compliance with federal regulations. The Quality Assurance and Accountability (QAA) team has proactively begun collaborating with localities to address these areas and ensure all federal standards are met.

QUALITY ASSURANCE AND ACCOUNTABILITY

VDSS employs a team of eleven full-time and five part-time QAA Title IV-E consultants who conduct reviews of local departments of social services (LDSS) across each of the five VDSS regions. Two of the full-time employees were elevated to “Lead Worker” status to support the ongoing work of the supervisor. Since 2022, funding for these positions has been appropriated from the Appropriations Act

The QAA team has significantly enhanced VDSS’s capacity to perform quality control (QC) of Title IV-E cases, ensuring compliance with both state and federal guidelines and securing continued funding through the IV-E grant.

Title IV-E consultants conduct two types of reviews for LDSS: ongoing reviews and new case validations. Ongoing reviews provide continuous quality control and support by assessing a percentage of open Title IV-E cases at least once per fiscal year. New case validations focus on verifying eligibility determinations within approximately 90 to 120 days after children enter foster care. This validation process ensures timely, appropriate eligibility decisions and maximizes the utilization of federal funds.

QUARTERLY QA REVIEW JULY 1, 2024– JUNE 30, 2025

In State Fiscal Year (SFY) 2025, Virginia’s Title IV-E maintenance expenditures for Foster Care totaled \$30,415,649.75. An additional \$4,955,815.01 was expended under the Title IV-E Fostering Futures program, bringing total Title IV-E expenditures to \$35,371,464.76. These expenditures remain aligned with both service delivery needs and federal requirements, supporting improved compliance and enhanced financial accountability.

Title IV-E maintenance payments are monthly reimbursements to states that help cover the cost of essential services for eligible children in foster care. These services include food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance, and reasonable travel for visitation and school attendance.

To prepare for the upcoming Federal Title IV-E Review, the Title IV-E Quality Assurance and Accountability (QAA) team resumed 100% review of all ongoing cases as of July 1, 2023. The federal review was conducted over the course of one week in February 2025. While the official results are still pending, the QAA team has proactively begun using preliminary feedback to adjust practices and provide targeted support to local departments of social services.

During non-federal review cycles, the QAA team employs the Shared Fiscal Accountability (SFA) process, a tiered review system that evaluates local performance based on previous quarterly review results. The SFA model was developed in partnership with local departments to reduce administrative burden, build local capacity, and reward strong performance—while ensuring continued compliance with federal standards. The SFA process is scheduled to resume at the beginning of SFY 2026.

ERROR RATE BY REGION

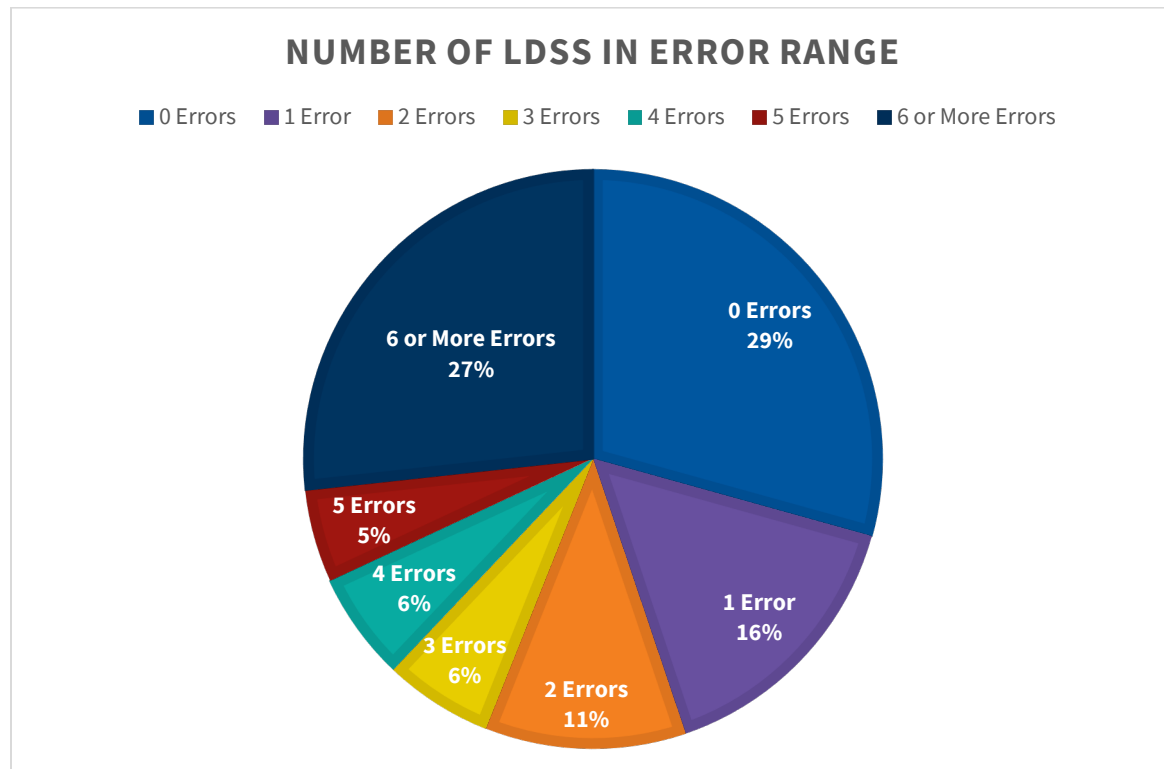
Staff reviewed 4,340 cases in 116 agencies beginning July 1, 2024, through June 30, 2025. Not all LDSS have Title IV-E children. The reviews were conducted in 116 out of 120 LDSS agencies. The results for the Quarterly QA Reviews for SFY 2025 by VDSS region are as follows:

REVIEW BY REGION

Region	Number of Cases Reviewed	Number of Total Case Errors	Overall Error Rate
Central	600	49	8.17%
Eastern	801	48	5.99%
Northern	1,046	58	5.54%
Piedmont	1,179	62	5.26%
Western	714	43	6.02%
Total	4,340	260	5.99%

YEAR END RESULTS

A LDSS with one or more error cases is identified as non-compliant and needing improvement to fully align with state and federal guidance and regulations for Title IV-E. In SFY25, 52 LDSS had either zero or one error. The tables below provide a breakdown of the errors found during this reporting period.



Number of Errors Identified	Number of LDSS in Error Range	Number of Cases Reviewed
0 Errors	34	651
1 Error	18	299
2 Errors	13	443
3 Errors	7	283
4 Errors	7	249
5 Errors	6	394
6 or More Errors	31	2,021

CONCLUSION

In conclusion, the ten positions authorized by the 2022 Appropriations Act have been instrumental in enabling the Virginia Department of Social Services (VDSS) to conduct continuous reviews of Title IV-E cases across local departments of social services (LDSS) over the past seven years. This ongoing oversight has ensured that eligibility errors are identified and corrected early in the process. Given Virginia's current error rate of 5.99% and the absence of an electronic Comprehensive Child Welfare Information System (CCWIS) and Title IV-E tracking system, these positions remain essential to maintaining compliance with federal Title IV-E requirements.

To prepare for the federal review, Virginia began reviewing 100% of all new funding validations and ongoing cases starting in the third quarter of SFY 2025. The federal review was conducted in February 2025. While the official results are still pending, preliminary feedback has guided the QAA team in adjusting practices and delivering targeted training to localities to align with federal standards.

These staff members continue to provide immediate and ongoing technical assistance to LDSS, supporting both initial and sustained compliance with federal funding requirements. Their work is vital to Virginia's continued success in Title IV-E federal reviews.