February 13, 2020

Cindy Gillespie

Secretary of the Arkansas Department of Human Services

Donahey Plaza

P.O. Box 1437

Little Rock, AR 72203

Keesa Smith

Deputy Director for Children, Youth, and Families

Arkansas Department of Human Services

Donahey Plaza

P.O. Box 1437

Little Rock, AR 72203

Re: Arkansas Department of Human Services’ Division of Youth Services Contract with Youth Opportunity Investments, LLC

 Contract No. 4600044303

Dear Ms. Gillespie and Ms. Smith:

I am the Chief Executive Officer of Youth Opportunity Investments, LLC. I am writing in regard to Youth Opportunity Investments’ contract with the Arkansas Department of Human Services’ Division of Youth Services. Youth Opportunity Investments began management of four of Arkansas’ youth treatment facilities on July 1, 2019, those being:

* Dermott: 40 extended justice males ages 17.5 to 21 in a hardware secure setting;
* Harrisburg: 32 female youth ages 13 to 18 in a non-secure setting (this program served male-only youth prior to Youth Opportunity Investments’ management);
* Lewisville: 32 males ages 13 to 18 in a staff-secure setting;
* Mansfield: 58 males ages 13 to 18 in a hardware secure, fenced setting (this program served both male and female youth prior to Youth Opportunity Investments management).

Since that date the staff and youth at those facilities have experienced improvements of conditions and services, the physical facilities have been materially improved and Youth Opportunity Investments has created a marked improvement in the lives of youth who have been admitted to the facilities.

The greater goal of youth treatment facilities is to reduce recidivism among the youth who have completed their stays in the facilities. Best professional practice dictates youth admitted to long-term residential facilities be juveniles assessed as the highest risk to re-offend, most serious and chronic offending to penetrate the juvenile justice system. Residential placement is a last opportunity at rehabilitation and intervention once both efforts to prevent youth from entering the justice system in the first place, as well as a graduated sanction system of community-based options and services have been unsuccessfully exhausted. Youth Opportunity Investments has extensive experience, and success, with operating residential programs for these most at-risk and highest need “deep-end” youth (in terms of mental health, substance abuse, delinquent peer associations, antisocial attitudes, lack of academic success, and lack of prosocial influences and activities). Frankly, prior to Youth Opportunity Investments’ involvement with the four facilities, the practices and programs fell far short of best practices, far short of the programs provided by Youth Opportunity Investments.

It is too soon to have data that shows results from the months of improved programs for the youth at Dermott, Harrisburg, Lewisville and Mansfield, however there is no reason to think that results will differ much from Youth Opportunity Investments’ experience in Florida, where the Florida Department of Juvenile Justice reported that, in 2018, youth transitioning home from Youth Opportunity Investments’ programs evidence recidivism rates lower than the statewide average for residentially-placed youth, and lower recidivism rates when compared to “like” programs within every program subtype in that state (such as non-secure programs for males with substance abuse issues; high-risk male secure programs; high-risk male secure programs for borderline or developmentally delayed youth; high-risk secure programs for youth with substance abuse issues). These results demonstrate youth placed with Youth Opportunity Investments have better outcomes, including the outcome most prominent for juvenile justice agencies: public safety. Lower recidivism rates, especially among the most serious high-risk residential youth with extensive prior offending, indicates both a change within the youth who received Youth Opportunity Investments’ services, as well as an increase in public safety through fewer subsequent victims.

Youth Opportunity Investments is confident that the youth who transition home from one of the four facilities it operates will show significantly less recidivism that previously experienced in the state. Youth Opportunity Investments believes the youth it has served in the State of Arkansas will be much less likely to re-enter the state’s juvenile or criminal court systems.

Significant changes have been made to the facilities and the programming at each of them, including:

* Transitioned youth to provide efficiencies in operations, programming and safety and environmental improvements for the youth
	+ Converted Harrisburg from all-male to all-female youth
	+ Converted Mansfield from male/female to an all-male facility
	+ Extensive retraining of staff at each of those facilities
* Physical Plant Upgrades done in partnership with the Division of Youth Services, including:
	+ Fresh paint to cover extensive graffiti (including gang-based graffiti)
	+ Fencing upgrade at Mansfield facility
	+ Locks added to bedroom dorms and delayed egress to cottages/dorms at Mansfield facility to address youth running out of dorms and youth refusing to go to bed
	+ Secured beds to floor at Lewisville facility for safety reasons
	+ Painted dorms/common areas (Dermott/Lewisville), classrooms (Lewisville) and youth rooms (Dermott)
	+ Removed graffiti at Mansfield, Lewisville and Dermott facilities
* YO continues to improve facilities for safety, aesthetics and to provide home-like environments for the youth and improved spaces for family visits.
* Additions to Staff and Human Resources
	+ Created a State Director position to oversee Youth Opportunity Investments operations at the four Arkansas facilities
	+ Created a State Director of Program Support to assist the four facilities in operations matters
	+ Created two staff trainers to ensure all staff are adequately trained and re-trained
	+ Leveraged Youth Opportunity Investments’ internal resources to provide training in evidence-based and best practices including, but not limited to, Aggression Replacement Training and Thinking for a Change training
	+ Added two Regional Compliance Managers who are responsible for ensuring that programs meet the Division of Youth Services’, accreditation, and Youth Opportunity Investments’ standards, and comply with policies, systems and processes.
* Enhanced Staff Training/Motivation/Culture
	+ Prior to assuming management of the facilities on July 1, 2019, Youth Opportunity Investments trained each and every existing employee (those who worked for the Division of Youth Services) and new hires regarding Youth Opportunity Investments’ best-in-class policies and procedures, and juvenile justice reform efforts, including, but not limited to:
		- Suicide Prevention and Intervention
		- Trauma-informed Care and Adverse Childhood Experiences
		- Normal adolescent development and the effects of traumatic exposure on development
		- Gender-responsive Programming
		- Evidence-based practices and Restorative Justice
	+ Youth Opportunity Investments was aware that, upon assuming management of the facilities, that it was essential to enhance employee motivation and create a positive culture that was lacking in the months leading up to the transition of control. Youth Opportunity Investments has:
		- Trained all staff and youth on Youth Opportunity Investments’ i-Choose SystemTM which is a proprietary program focused on modeling, coaching, and incentivizing prosocial behaviors. This system ensures structure and consistency in programming and incentivizes healthy participation by the youth and leads to enhance treatment results.
		- Tools were developed for staff, they received intense training, and they have been monitored for fidelity in all aspects of the i-Choose SystemTM
* When Youth Opportunity Investments assumed oversight of the four facilities it was apparent that the clinical services being provided did not meet Youth Opportunity Investments’ clinical service expectations. Youth Opportunity Investments has brought clinical services in house at the four facilities. By doing so Youth Opportunity Investments has expanded treatment services and added group and individual sessions and additional clinicians. Youth Opportunity Investments has also provided comprehensive training for staff in several proven evidence-based models of treatment.
* Youth Opportunity Investments understands that reduction of recidivism occurs when youth are provided evidence-based treatment targeted at risk factors. Youth Opportunity Investments has implemented its proprietary QUALITY Model Fidelity SystemTM at all facilities. Research has proven that the QUALITY model improves youth outcomes such that the odds of recidivism upon transition home are 11% lower for every one-point increase in the model. The QUALITY system includes seven components:
	+ Q – Quantifiable improvement through highly trained facilitators;
	+ U – Unparalleled treatment models with detailed manuals/protocols;
	+ A – Assessment of fidelity through direct observation;
	+ L – Limiting facilitator turnover through staff incentives and positive culture;
	+ I – Implementation of systemic fidelity monitoring of each facilitator;
	+ T – Training, coaching and corrective action drives successful outcomes; and
	+ Y – Yearly evaluation of facilitator skills for each service delivered.
* Youth Opportunity Investments has developed and implemented a compliance and program performance evaluation process to ensure both oversight of compliance to Youth Opportunity Investments’ standards and expectations, contractual obligations, the Division of Youth Services and applicable rules, and regulations, as well as systemic drive toward continual improvement and innovation. Arkansas had no similar process prior to Youth Opportunity Investments’ assumption of management of its facilities. Youth Opportunity Investments’ Premier GOLD InnovationsTM process is outcome-focused, producing monthly and quarterly key performance indicator (KPI) reporting across the following dimensions:
	+ General indicators (census, admissions, discharges),
	+ Service Delivery (individual, family, group treatment services),
	+ Investing in Excellence (management accountability, safety and security, health services, treatment services, living environment, case management),
	+ Fiscal/Human Resources (staff turnover, retention, overtime, call offs, corrective action, worker’s comp),
	+ Order/Safety (incidents, escapes, absconds, restraints, seclusion/controlled observation),
	+ Communication (advisory boards, family support, staff meetings, timely reporting), and
	+ Satisfaction (youth surveys, family surveys, staff surveys).
* The Youth Opportunity Investments VP of Compliance & Implementation worked with each program to develop facility-specific Policies and Procedures. These policies detail Youth Opportunity Investments’ expectations for program operations and treatment of youth that account for aspects of a specific program such as physical plant layout and population served. This level of detail is beyond that of generic expectations. All policies and procedures meet or exceed and are in full compliance with all ACA and CARF accreditation standards/guidelines, as well as all the Division of Youth Services and associated policies/rules.
* Youth Opportunity Investments has enhanced the youth grievance process to exceed the Division of Youth Services requirements.
* Youth Opportunity Investments has enhanced youth supervision to include 10-minute checks any time a youth is in his/her room.
* Youth Opportunity Investments has enhanced education services to include a blend of online and instructor-led services. This is in direct response to interviews of youth and staff in which complaints were made that, prior to Youth Opportunity Investments’ assumption of operation, all classroom instruction was online via Virtual Arkansas, which wasn’t responsive to unique/individualized learning styles of our youth. Currently each of the four sites has a full complement of teachers, with every site having its own special education teacher.
* Youth Opportunity Investments’ enhancement to education services includes establishment of a 14-member vocational committee tasked with exploring and implementing vocational opportunities across the four facilities. The committee has identified the vocational/career interest/independent living skills assessments our programs will use with each youth. Additionally, the committee identified soft skill/job skills opportunities, leading to, among other additions, providing all youth with Cardiopulmonary Resuscitation (CPR) certification and providing Microsoft Office Specialist certification opportunities. Hands-on vocational programs for each program are developed by the committee as well.

It is clear in the eyes of an informed observer that conditions at the four youth facilities have improved dramatically since Youth Opportunity Investments took over management on July 1, 2019. The improved conditions and the perceived improved outcomes for youth has not been easy.

 When Youth Opportunity Investments assumed management of the facilities there were some serious infrastructure issues on the campuses which needed to be addressed. At Mansfield one of the cottages the youth live in was completely shut down to be remodeled, locking mechanisms were broken, there were damaged windows, and the fence was completely unreliable. Due to these issues we were limited to 27 youth on average. At the request of the Division of Youth Services, we had staffed the facility to care for a full capacity of 58 young men. Youth Opportunity Investments faced a similar situation in Lewisville, where one of the cottages was shut down for shower repairs.

 At the request of the State, and to show good faith, without an obligation to do so, Youth Opportunity Investments reduced its per diem after being the successful bidder.

Senior staff at the Division of Youth Services advised Youth Opportunity Investments as late as May, 2019, that all the campuses would be full when we took over on July 1, 2019. Youth Opportunity Investments incurred significant costs to prepare its staff and programs to accept 162 youth. That was not the situation then, and that has not been the situation since.

In June, 2019, Youth Opportunity Investments was asked by the Division of Youth Services to keep additional and unneeded staff, in order to avoid layoffs, which the Division of Youth Services staff felt would anger certain legislators. Youth Opportunity Investments acquiesced to its detriment.

In reliance on Division of Youth Services’ commitment that the facilities would be full upon take over, Youth Opportunity Investments not only kept the facilities fully staffed, it increased employees’ salaries. Youth Opportunity Investments also added unnecessary staff to avoid front line staff layoffs, all at the Division of Youth Services’ request.

Youth Opportunity Investments has attempted at every turn in our relationship with the Division of Youth Services to show good faith in the spirit of partnership. However, as is shown by the events that have occurred during our partnership, support has not always been there from the Department of Human Services and/or the Division of Youth Services, to wit:

* On January 22, 2019, during the initial RFP walkthrough, YOI was informed of construction projects and projected completion dates at Mansfield. All were projected to be complete by July 1, 2019 excluding the fence (late August- Mid September).
* In May and June of 2019, during several conference calls with the Division of Youth Services (Marq Golden, Kimbla Newsome, and Director Crump) Youth Opportunity Investments was informed of the State’s backlog in detention and the need to fill the beds at the four facilities as soon as possible.
* On June 11, 2019, Youth Opportunity Investments developed a ramp-up plan with Marq Golden prompted by the Division of Youth Services’ desire to empty their detention beds as recently directed by Director Crump. Youth Opportunity Investments agreed to a 4-6 youth per week ramp-up plan that ensured that (1) Lewisville and Dermott would be full by July 1, (2) Harrisburg would be full during the first week of July, and (3) Mansfield would be full by the end of the second week in July due to the initial low population and construction setbacks. The plan still had Mansfield set for 45 youth by July 1 however due to additional construction, security lock malfunction, and plumbing issues on two other cottages, the population was in the mid 30’s on July 1.
* On June 11, 2019, Youth Opportunity Investments’ Chief Operating Officer, Brian Neupaver received an email from the State discussing the ramp up plan developed in conjunction with Marq Golden and assuring Youth Opportunity Investments that all programs would be full by mid-July.
* On or about June 14, 2019, Youth Opportunity Investments detected that conditions at two other dorms at Mansfield had deteriorated to the point they became inoperable further limiting the program’s capacity. The deteriorating factors consisted of plumbing work needed to address a busted pipe which also lead to holes in the ceiling due to leakage. Additionally, one of the cottages was shut down for most of the month of June due to a failed air-conditioning unit, broken windows, lack of locking mechanisms, and two water fountains that were leaking profusely.
* On June 15, 2019, Lewisville reached a population of 18 youth, but the plan to ramp up to 32 youth was stalled due to bathroom renovation being uncompleted.
* On June 18, 2019, executive from Youth Opportunity Investments had a discussion with Marq Golden related to the ramp-up plan and Youth Opportunity Investments’ concern about construction projects not timely completed. During that discussion a revised ramp-up plan was prepared and Mr. Golden assured Youth Opportunity Investments that all of the facilities would be filled according to that revised plan.
* The revised ramp-up plan was confirmed in an email to Brian Neupaver on June, 20, 2019. The revised plan assured Youth Opportunity Investments that the population at Mansfield would be at 42-45 by July 1, and full by August 1. The plan called for Lewisville to be full by August 1 due to continuing facility construction issues. Under the plan, Harrisburg was to be full by July 8, and Dermott by July 1.
* By June 29, 2019, the population at the Mansfield facility reached 36. Plumbing, security locks, and construction issues that remained unresolved limited additional admissions.
* On July 5, 2019, a moratorium on placing youth with run history at Mansfield until the fence was completed.
* On July 9, 2019, the construction of the necessary fencing began at Mansfield.
* On July 10, 2019, bathroom renovation was completed at Lewisville. The population there was ramped up to 29 youth by August 1, 2019.
* By mid-July 2019Youth Opportunity Investments started hearing from the Division of Youth Services that summer populations were much less than prior projections.
* On July 25, 2019, Senior Youth Opportunity Investments’ leadership met with Deputy Director Smith to explain the concerns that Youth Opportunity Investments had about the realities of the operations being much different than the projections presented by the Division of Youth Services. Youth Opportunity Investments was assured that steps would be taken to get the populations at each facility to capacity. During this meeting Youth Opportunity Investments shared the financial crisis experienced as a result of the lower-than-promised populations, and Youth Opportunity Investments was advised that the Department of Human Services or the Division of Youth Services would consider options presented by Youth Opportunity Investments.
* By July 27, 2019, the population at Mansfield decreased to 27.
* On August 12, 2019, Youth Opportunity Investments again brought up population concerns to the Division of Youth Services.
* In response, on August 13, 2019, Director Crump lifted the restriction on placing youth with run risk at due to locks being upgraded.
* When Youth Opportunity Investments assumed the facilities on July 1, 2019, the population at Mansfield was 38, Lewisville 22, Harrisburg 23, and Dermott 38. The current population at Mansfield is 28 (26% reduction), Lewisville 25 (12% increase), Harrisburg 19 (18% reduction), and Dermott 35 (8% reduction) (total population reduction of 12%)

At no time prior to the granting of the contract to Youth Opportunity Investments did the Division of Youth Services staff give even the slightest indication that the facilities would need substantial repairs before they could fully house youth.

All of those factors have led to a situation where the State of Arkansas has received a greatly enhanced juvenile treatment program funded in part by the State, and in part by Youth Opportunity Investments. In July, 2019, alone, Youth Opportunity Investments lost nearly $500,000.00 while supporting the joint goal of improving the state of programming for the youth of Arkansas. Monthly losses have continued.

Youth Opportunity Investments, in collaboration with the Division of Youth Services continues to forge a path to success for the highest-risk youth in Arkansas who have, in most cases, been failed by prior efforts and multiple agencies to help them become successful, responsible young men and women. These are the youth for whom Youth Opportunity Investments prides itself on accepting the challenge where others have given up and removed them as a threat to society. Serving these difficult youth is challenging, as is assuming management of four programs, with four different populations, in four separate corners of a state, on the same day. Youth Opportunity Investments has risen to that challenge through a systematic approach to revamping everything from staff training to clinical service provision and implementation of an incentive-based system of positive reinforcement for treatment, progress and demonstration of healthy behaviors, and even physical plant upgrades. Youth Opportunity Investments remains steadfast in its commitment to transparent collaboration with Division of Youth Services and to the implementation of evidence-based and best practices proven to drive successful outcomes of our youth.

However, it is evident to those who understand that all businesses are sustained by generating at least as much money as they spend to provide their goods/services that Youth Opportunity Investments is not in a position to continue its relationship with the State of Arkansas. The youth of Arkansas deserve the programming Youth Opportunity Investments provides, but Youth Opportunity Investments can’t sustain its business in Arkansas. As such is the case, Youth Opportunity Investments gives notice to the State that it will complete its obligations under the terms of the one-year agreement

it signed, but it is not interested in being a candidate to continue operating the four facilities after the term expires. Youth Opportunity Investments believes that it is best for the State to know that now so it can act accordingly to continue the momentum that Youth Opportunity Investments has created within the juvenile facilities.

Sincerely,

Ronald D. Hunter

Chairman of the Board/CEO