



CPMT MINUTES
February 16, 2023
Sudley North – Jean McCoy
2:00 – 3:30 PM

CPMT Members:

Courtney Tierney, Chair, DSS
Kim Keller, Vice Chair, JCSU
Aimee Holleb, PWCS
Elijah Johnson, Assistant County Executive
Lisa Madron, CS
Carl Street, Youth for Tomorrow (Private Provider)

Others Present:

Jessica Webb, DSS CSA
Joyce Connery, GMU Intern
Julie Arquette, DSS CSA
Ron Pannell, PWCS
Shazia Chughtai, DSS CSA

Open Meeting:

Courtney Tierney, Chair, opened the meeting at 2:04 PM.

Approve Minutes from January 19, 2023, were presented. **MOTION** to approve as presented. [KK motion, CS seconded]

Expenditures and budget review – presented by Courtney Tierney

- Budget – FY23 YTD, was reviewed.
- Expenditures – **MOTION** to approve expenditure approvals from 1/16/23 - 2/10/23. [CS motion, KK seconded].

CSA Division Report – presented by Jessica Webb

- Private Day School – Rate Tier Fiscal Analysis – Jessica reviewed the rate tier fiscal analysis findings with CPMT, full report attached. Key findings are that implementation of tiered rates will result in an increase in state and local spending. There is a budget amendment in the proposed budget that will delay the full tiered rate implementation at least another year.
- Private Day School Workgroup Report – The final workgroup report was discussed and is attached.
- OCS FY22 General Assembly Reports – Annual reports regarding residential care, tiered match rates, special education private day school, and treatment foster care are attached.
- OCS Time to Service Study – OCS has requested that each locality collect data for 2 months regarding time to access services from the time of the CSA referral to the time services begin. The CSA team has identified a process for collecting the requested data and will update the CPMT once the project is complete and submitted to the state.

- “Tell Me Something Good” – Kudos to the Foster Care Team for identifying a foster home for a youth who is from Afghanistan where the foster parents are also from the same area of Afghanistan as the youth’s family and speak the same dialect.

CLOSURE

Courtney Tierney closed the meeting at 2:52 PM. Next meeting is on March 16, 2023.

APPROVED: Shazia Chughtai
Clerk to Board

CSA PROGRAM SUMMARY

(as of January 31, 2023)

		FY23 Budget	YTD Actuals	Balance	Proj. FY23 Revenue	Variance to Budget
State (includes Medicaid Holdback)		\$ 17,511,517	\$ 6,789,736	\$ 10,721,781	\$ 13,571,242	\$ 3,940,275
PWC - Public Schools		\$ 311,501	\$ 329,799	\$ (18,298)	\$ 329,799	\$ -
Revenue Total		\$ 17,823,018	\$ 7,119,535	\$ 10,703,483	\$ 13,901,041	\$ 3,940,275
CSA Program	CSA Category	FY23 Budget	YTD Actuals	Balance	Proj. FY23 Expenditures	
Admin	Admin	\$ 461,487	\$ 357,030	\$ 104,457	\$ 461,487	\$ -
Admin Total		\$ 461,487	\$ 357,030	\$ 104,457	\$ 461,487	\$ -
COMMUNITY BASED	2F - FC Prevention Non-Residential	\$ 2,165,171	\$ 388,081	\$ 1,777,090	\$ 1,700,000	\$ 465,171
	2F1 - FC Prevention Non-Residential	\$ 122,755	\$ 60,092	\$ 62,663	\$ 150,000	\$ (27,245)
	2G - Special Education - Private Day	\$ 14,145,009	\$ 6,900,678	\$ 7,244,331	\$ 14,500,000	\$ (354,991)
	2h - Wraparound Services - SPED	\$ 110,520	\$ 661	\$ 109,860	\$ 1,000	\$ 109,520
	3 - Non-Mandated CB Service	\$ 779,745	\$ 359,015	\$ 420,730	\$ 500,000	\$ 279,745
COMMUNITY BASED Total		\$ 17,323,200	\$ 7,708,527	\$ 9,614,674	\$ 16,851,000	\$ 472,200
FOSTER CARE	2a - Therapeutic FC IV-E	\$ 84,144	\$ 59,553	\$ 24,591	\$ 150,000	\$ (65,856)
	2a1 - Therapeutic FC	\$ 514,656	\$ 197,376	\$ 317,280	\$ 375,000	\$ 139,656
	2a2 - Therapeutic FC (NCFC & PA)	\$ -	\$ -	\$ -	\$ -	\$ -
	2c - FC IV-E	\$ 64,426	\$ 142,522	\$ (78,096)	\$ 250,000	\$ (185,574)
	2e - Family FC	\$ 1,228,678	\$ 255,417	\$ 973,261	\$ 400,000	\$ 828,678
FOSTER CARE Total		\$ 1,891,904	\$ 654,867	\$ 1,237,037	\$ 1,175,000	\$ 716,904
RESIDENTIAL	1a - FC & TFC IV-E	\$ 71,263	\$ 65,164	\$ 6,099	\$ 150,000	\$ (78,737)
	1b - FC & TFC Non-IV-E	\$ 984,591	\$ 308,630	\$ 675,961	\$ 700,000	\$ 284,591
	1c - FC Prevention Residential	\$ 3,561,695	\$ 230,979	\$ 3,330,715	\$ 225,000	\$ 3,336,695
	1d - Non-Mandated Res Service	\$ -	\$ -	\$ -	\$ -	\$ -
	1e - Special Education	\$ 2,247,347	\$ 349,854	\$ 1,897,493	\$ 1,300,000	\$ 947,347
	2i - Crisis Stabilization	\$ -	\$ -	\$ -	\$ -	\$ -
RESIDENTIAL Total		\$ 6,864,896	\$ 954,627	\$ 5,910,268	\$ 2,375,000	\$ 4,489,896
Expenditure Total		\$ 26,541,488	\$ 9,675,052	\$ 16,866,436	\$ 20,862,487	\$ 5,679,000
General Fund Tax Support		\$ 8,718,470			\$ 6,961,447	\$ 1,757,023

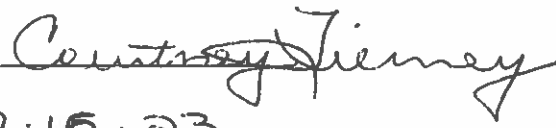
CPMT Approval Table

Agency: PWCS

FAPT Date	Case Manager	Client's Initials	Type Svcs*	Eligibility	Ser. Dates (start - end)	CM Request	FAPT Recommended	CPMT Approved	Comments
1/18/2023	Raymo	KR	CB	NM	1/18/23-06/30/23	\$9,108.00	\$9,108.00	\$9,108.00	
1/18/2023	Raymo	KR	CB	NM	1/18/23-06/30/23	\$9,108.00	\$9,108.00	\$9,108.00	
1/20/2023	Raymo	SC	CB	NM	01/20/23-04/30/23	\$5,339.00	\$5,339.00	\$5,339.00	
1/20/2023	Raymo	MC	CB	NM	01/20/23-06/30/23	\$14,750.00	\$14,750.00	\$14,750.00	
1/20/2023	Orr	MD	CB	FCP	01/20/23-04/30/23	\$4,880.00	\$4,880.00	\$4,880.00	
1/25/2023	Raymo	LF	CB	NM	01/25/23-06/30/23	\$1,750.00	\$1,750.00	\$1,750.00	
1/31/2023	Naples	CP	CB	FCP	02/01/23-04/30/23	\$25,754.56	\$25,754.56	\$25,754.56	
1/31/2023	Naples	LD	CB	NM	02/01/23-06/30/23	\$5,231.40	\$5,231.40	\$5,231.40	
2/10/2023	Raymo	CT	CB	FCP	03/01/23-06/30/23	\$10,620.00	\$10,620.00	\$10,620.00	
11/10/22	CCS	MD	IEP	M	11/10/22-6/30/23	\$47,450.00	\$47,450.00	\$47,450.00	
11/28/22	CCS	DFA	IEP	M	11/28/22-10/31/23	\$50,330.00	\$50,330.00	\$50,330.00	
12/8/22	CCS	YJ	IEP	M	12/8/22-6/30/23	\$41,766.56	\$41,766.56	\$41,766.56	
12/12/23	CCS	OM	IEP	M	12/12/22-6/30/23	\$48,774.00	\$48,774.00	\$48,774.00	
1/3/23	CCS	MF	IEP	M	1/3/23-6/30/23	\$63,842.00	\$63,842.00	\$63,842.00	
1/3/23	CCS	JJ	IEP	M	1/3/23-6/30/23	\$48,496.00	\$48,496.00	\$48,496.00	
1/3/23	CCS	MR	IEP	M	1/3/23-6/30/23	\$43,420.00	\$43,420.00	\$43,420.00	
1/3/23	CCS	SK	IEP	M	1/3/23-6/30/23	\$47,566.72	\$47,566.72	\$47,566.72	
1/5/23	CCS	IM	IEP	M	1/5/23-6/30/23	\$34,591.36	\$34,591.36	\$34,591.36	
2/3/23	CCS	EK	IEP	M	2/3/23-6/30/23	\$28,808.00	\$28,808.00	\$28,808.00	IEP changed to 2:1 (\$713/day)
2/21/23	CCS	AE	IEP	M	2/21/23-6/30/23	\$37,515.00	\$37,515.00	\$37,515.00	
Total PWCS						\$579,100.60	\$579,100.60	\$579,100.60	

Grand Total \$1,457,861.13 \$1,457,861.13 \$1,457,861.13

CPMT Chair - Courtney Tierney

Signature: 

Date: 2.10.23

CSA Private Day Special Education Rate Fiscal Impact Study 2022

Commonwealth of Virginia
Office of Children's Services

January 2023

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EXECUTIVE SUMMARY

Public Consulting Group LLC (PCG) was contracted by the Commonwealth of Virginia Office of Children's Services (OCS) to study the current rates paid by localities to private day special education programs licensed by the Virginia Department of Education (DOE) and to develop findings and recommendations based on the analysis of these rates.

In November 2021, PCG proposed a tiered rate model for private day special education programs based on a cost study. The 2022 Virginia General Assembly directed the Office of Children's Services to implement the rate setting effective July 1, 2023 and to develop, a fiscal impact estimate of the rate changes (Chapter 2, Item 285.B. (2022 Special Session 1)). To understand the potential fiscal impact of the proposed rates, PCG was provided actual program expenditure information from the OCS LEDRS system submitted for August 2022 through November 2022 for comparison to the 2021 cost study proposed rates (with inflation-adjusted rates, see below under [description of tier model](#)). Data was collected by OCS and consolidated into one file for ease of review, quality assurance, and analysis. For analysis, private day special education programs that have multiple locations were grouped together and analyzed both individually and as one entity.

The fiscal impact analysis estimates an overall spending increase of 12%, based on data available for review as of December 1, 2022. This extrapolates to a \$20.5 million increase in annual spending (from FY2022) for this service if the proposed tiered rates are implemented.

Three Key Fiscal Impact Analysis Takeaways	
If the proposed tiered rates are implemented...	
	The average daily rate per child would increase from \$316.15 to \$354.17 (12%), extrapolating to a \$20.5 million increase in overall spending.
	75% of individual private day school programs would experience a daily rate increase at an average of \$74 per child. 25% of individual private day school programs would experience a daily rate decrease at an average of -\$49 per child.
	The fiscal impact is primarily driven by the proposed tiered rates for children receiving 1:1 support.

I. PROJECT GOALS

This project was authorized to conduct a fiscal impact analysis study of the current rates paid by localities to private day special education programs licensed by the Virginia Department of Education (DOE) and funded through the Children’s Services Act (CSA) in comparison with the proposed rates from the 2021 rate study. Specific goals included:

- Overall comparison between the proposed tiered rates and the current paid rates across all schools to understand the fiscal impact to the state, and
- Analysis of the impact of the proposed tiered rates on individual schools.

II. STAKEHOLDER MEETINGS

PCG invited all private day school providers, public school special education administrators (VCASE), and local CSA leaders to participate in focus groups and training sessions to discuss the proposed rate changes and process for collecting fiscal impact data. **Table 1** below lists all such meetings.

TABLE 1: STAKEHOLDER MEETINGS

Meeting Date	Engagement Type	Summary
January 21, 2022	Focus Group with private schools	Focus group held to gather information on implementation needs and challenges.
January 27, 2022	Focus Group with private schools	Focus group held to gather information on implementation needs and challenges.
January 27, 2022	Focus Group with CSA	Focus group held to gather information on implementation needs and challenges.
January 28, 2022	Focus Group with VCASE	Focus group held to gather information on implementation needs and challenges.
April 21, 2022	Focus Group with CSA and VAISEF Advisory Committee	Reviewed the draft guidance training information.
June 17, 2022	Stakeholder Training	Training provided on new rate tools and information shared on upcoming fiscal impact analysis.
June 29, 2022	Stakeholder Training	<i>Second training option.</i> Training provided on new rate tools and information shared on upcoming fiscal impact analysis.
August 30, 2022	Provider Meeting	Discussed specialized services challenges.
September 12, 2022	Provider Meeting	<i>Second provider meeting option.</i> Discussed specialized services challenges.
Ongoing	Consultation and Technical Assistance	Ongoing consultation and technical assistance were available by request via email between July-December 2022 to address questions about data collection for the fiscal impact analysis.

Below is a summary of recurring themes gathered during stakeholder sessions.

- For schools with specialized services for Autism, the cost of the Board Certified Behavior Analyst (BCBA) positions were significantly higher than a teacher’s salary position, therefore increasing cost.
- Due to inflation and other factors (such as specialized services), overall proposed rates may not meet the program cost needs.
- Typically, budgeting is based on a program as opposed to the number of students; however, staffing levels are considered as part of budgeting for a program.

In response to the feedback received, adjustments were adopted by the Office of Children's Services to allow flexibility in billing for BCBA services directly delivered to students, as well as an inflation adjustment for the 2022-2023 proposed tier rates. Additional information on the inflation adjustment can be found under the [description of the tier model](#) section below.

III. METHODOLOGY AND LIMITATIONS

DATA COLLECTION PROCESS

PCG sent letters to all DOE-licensed private day special education programs, which included the expectations and plan for the fiscal impact analysis. PCG provided all schools with the data collection tool and instructions for how to provide the requested information on June 17, 2022. Virtual training sessions were held on June 17, 2022, and June 29, 2022, to review how to complete the data collection tool. Schools were "walked through" the instructions and the PCG team answered questions. The training was recorded, and the recording was provided to schools along with written instructions for how to complete the data collection tool. Schools were able to submit questions to the PCG team by email throughout the data collection period.

FISCAL IMPACT ANALYSIS

Schools submitted the data collection tool to OCS, including information under which of the proposed rate tiers their current students (in the 2022–2023 school year) would be served, if the new rate structure were in effect. OCS consolidated the data into one file for PCG to analyze. PCG conducted quality assurance of the data set before analyzing it. In consultation with OCS, PCG removed duplicates, grouped the different programs by school, filtered out July dates (for previous school year data), and identified and removed erroneous data and outliers.

To perform a fiscal impact analysis on this data set, PCG considered the overall cost of implementation of the proposed rates, including the number of students within each rate, the average, minimum, and maximum rates paid currently, the difference in cost under the new rate system for students, and the number of programs and groups with a negative fiscal impact and the number of students in these programs.

LIMITATIONS

PCG and OCS cited the following limitations in our fiscal impact analysis:

- There were more than 3,800 students served by private day special education programs last year (FY2022), but this study only received information for 1,569 students. This is a result of the cut-off for data collection being December 1, 2022. The fiscal impact estimate assumes that the larger population of students is similar to the sampled population of students.
- Some providers with multiple locations recorded multiple programs under the same name, resulting in creating groups of programs to capture the costs across the entire organization.
- The analysis is based on the data collected, which relied on the schools to self-report the tiers in which children were served.
- The analysis is based on current rates and does not consider any external factors that may affect the fiscal impact, including additional rate increases granted to schools going forward.

IV. DESCRIPTION OF THE TIER MODEL

In the [2021 cost study](#), PCG proposed nine (9) base rate models using three different teacher-to-student ratios, each with three different teacher aide-to-student ratios. These models allow for a range of programs to meet student needs and mirror the programs currently being utilized. A 23% salary add-on is proposed for programs in northern Virginia to account for a higher cost of living in those areas. The Northern Virginia (NOVA) geographic area was identified using the geographic area and pay band differential guidance issued by the Virginia Department of Human Resource Management for Northern Virginia.

In the *2021 Cost Study of Private Day Special Education Programs Report*, a projected inflation factor of 7% was applied to adjust the rates upward for implementation, however based on U.S. Bureau of Labor Statistics, inflation had increased to 10.85%. An adjustment was made to increase the proposed rates by an additional 3.85% to account for the actual inflation impact.

From the [2021 Cost Study](#) of Private Day Special Education Programs Report:

"Programmatic costs were collected from schools to reflect the expenses incurred during the FY19 school year. Since budget models were created to reflect costs in 2022, a cost adjustment factor was calculated. The cost adjustment factor (CAF) was determined using the most recent Consumer Price Index (CPI) data published for Virginia and the surrounding area by the U.S. Bureau of Labor Statistics. CPI data for all items was used for the CAF data. The percent difference in the costs in 2019 compared to 2022 was calculated to be about 6.85%. Therefore, an additional 7% of all budget costs was added into the daily rates for the cost adjustments that occurred between 2019 – 2022".

Below, Table 2 shows the recommended rates from the 2021 Cost Study of Private Day Special Education Programs Report with the additional 3.85% adjustment.

TABLE 2: COST STUDY PROPOSED RATES

Model	Teacher-to-Student Ratio	Support Staff to Student Ratio	Base Rate	Northern Virginia (NOVA) Rate
1	1:3	1:1	\$522.49	\$623.17
2	1:3	1:2 – 1:3	\$354.86	\$420.10
3	1:3	1:4+	\$312.94	\$369.33
4	1:4 – 1:7	1:1	\$466.00	\$554.67
5	1:4 – 1:7	1:2 – 1:3	\$298.35	\$351.59
6	1:4 – 1:7	1:4+	\$256.46	\$300.84
7	1:8+	1:1	\$434.21	\$516.12
8	1:8+	1:2 – 1:3	\$266.58	\$313.07
9	1:8+	1:4+	\$224.67	\$262.29

*North Virginia (NOVA) geographic add-on (23% increase based on staff costs) was calculated for schools in the counties of Fairfax, Arlington, Prince William, and Loudoun and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park

V. FISCAL IMPACT FINDINGS

The fiscal impact analysis focuses on two aspects of the implementation of the proposed tiered rates: the overall cost of implementation and the financial impact to the schools.

RATE ANALYSIS

PCG analyzed CSA expenditure data (daily tuition rate) for 1,566 students attending a special education private day school in the state of Virginia during the months of August through November 2022. Figure 1 shows how these students would be distributed across the proposed tiered rates if the rates were in effect. The tier with the highest number of students was tier 6 with 337 students. The lowest number of students was in tier 8 NOVA with 5 students. Tier 3 NOVA had no students recorded in the tier.

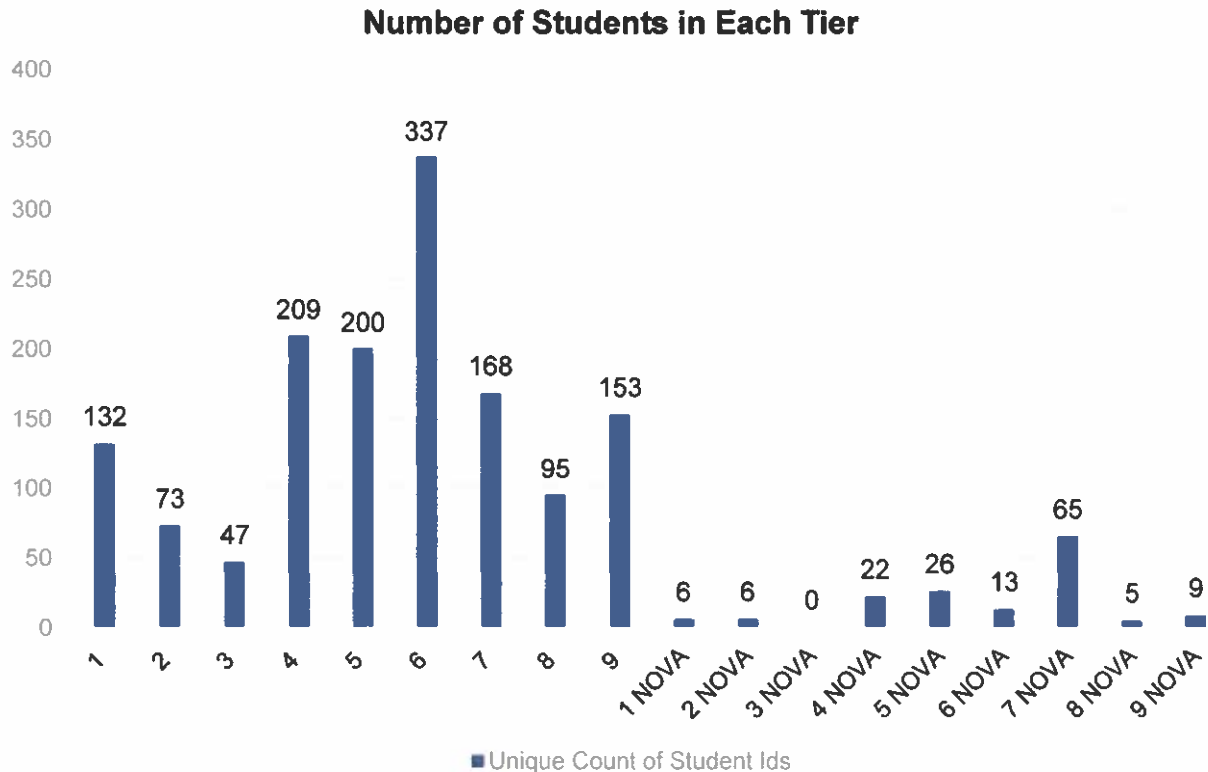


FIGURE 1: STUDENT DISTRIBUTION ACROSS THE PROPOSED RATE TIERS

In Table 3 the “Current Average Daily Rate” column shows the average rate charged for students within each proposed tier under the existing model of billing. Some of these averages are lower than the proposed tiered rates, indicating that the state is paying less on average for these tiers than the rate study recommended. For example, in model tier 1, the average rate is **\$294.84**, which is significantly lower than the proposed rate of **\$522.49**. The data showed the model tiers with the highest daily differences are tiers 1, 4, 1 NOVA, 4 NOVA, and 7 NOVA. In these tiers, the proposed rates are higher than the average rates currently paid. The daily difference was calculated by multiplying the number of students within each model tier by the proposed rates and comparing that to the sum of purchase orders submitted by schools for those students. The tiers that have a higher proposed rate than the current average paid rates have the biggest fiscal impact even if the tier does not have a lot of students. For example, tier 1 shows the largest daily difference of **\$29,970.57**, although only 132 students were identified in that tier. The cells highlighted in red represent tiers that would experience a negative fiscal impact to the CSA under the proposed tiered rates, with the negative impact ranging from under \$200 per day to roughly \$4,500 per day.

TABLE 3: TIER PRICE COMPARISON

Model Tier	Proposed Tiered Rates	Current Average Daily Rate	Unique Count of Student Ids	Current Cost per Day (actual PO)	Proposed Tiered Rates Cost per Day	Daily Difference
1	\$522.49	\$ 294.84	132	\$38,998.11	\$68,968.68	\$29,970.57
2	\$354.86	\$ 316.63	73	\$23,114.32	\$25,904.78	\$2,790.46
3	\$312.94	\$ 324.85	47	\$15,268.10	\$14,708.18	-\$559.92
4	\$466.00	\$ 356.55	209	\$73,909.79	\$97,394.00	\$23,484.21
5	\$298.35	\$ 317.26	200	\$63,451.23	\$59,670.00	-\$3,781.23
6	\$256.46	\$ 263.34	337	\$88,757.11	\$86,427.02	-\$2,330.09
7	\$434.21	\$ 400.21	168	\$67,635.01	\$72,947.28	\$5,312.27
8	\$266.58	\$ 313.63	95	\$29,794.80	\$25,325.10	-\$4,469.70
9	\$224.67	\$ 244.28	153	\$37,374.29	\$34,374.51	-\$2,999.78
1 NOVA	\$623.17	\$ 436.93	6	\$2,621.55	\$3,739.02	\$1,117.47
2 NOVA	\$420.10	\$ 383.25	6	\$2,299.50	\$2,520.60	\$221.10
3 NOVA	\$369.33	\$ 0.00	0	\$0.00	\$0.00	\$0.00
4 NOVA	\$554.67	\$ 366.81	22	\$8,069.90	\$12,202.74	\$4,132.84
5 NOVA	\$351.59	\$ 365.29	26	\$9,497.60	\$9,141.34	-\$356.26
6 NOVA	\$300.84	\$ 353.59	13	\$4,596.64	\$3,910.92	-\$685.72
7 NOVA	\$516.12	\$ 387.08	65	\$24,773.06	\$33,547.80	\$8,774.74
8 NOVA	\$313.07	\$ 350.99	5	\$1,754.95	\$1,565.35	-\$189.60
9 NOVA	\$262.29	\$ 352.67	9	\$3,174.04	\$2,360.61	-\$813.43
Total			1,566	\$495,090.00	\$554,707.93	\$59,617.93

Table 4 shows the number of students in each tier that currently receive a rate that is higher than the proposed rate.

TABLE 4: STUDENTS AND RATES

Model Tier	Unique Count of Student Ids	Count of Students Currently Receiving a Rate Higher than the Proposed Rate	Percent of Students Receiving a Higher Rate than the Proposed Rates
1	132	4	3.03%
2	73	17	23.29%
3	47	28	59.57%
4	209	1	0.48%
5	200	130	65.00%
6	337	143	42.43%
7	169	43	25.44%
8	95	74	77.89%
9	153	66	43.14%
1 NOVA	6	0	0.00%
2 NOVA	6	0	0.00%
3 NOVA	0	0	N/A
4 NOVA	22	0	0.00%
5 NOVA	26	24	92.31%
6 NOVA	13	12	92.31%
7 NOVA	64	5	7.81%
8 NOVA	5	4	80.00%
9 NOVA	9	9	100.00%
TOTAL	1,566	560	35.76%

The rate analysis revealed that if the new rate model were implemented, it would result in an increase of **\$59,618** a day (**\$38/child**). When extrapolated against the number of students served in FY2022, this would result in a **\$20.5 million increase in total spending overall (12% increase)**.

TABLE 5: FISCAL IMPACT

Difference in Daily Rate Per Child Analysis	
Difference in Daily Cost per Child	\$38.07
Percent Difference in Cost per Child per Day	12%
FY22 Total CSA Spending for Private Day Special Education (less ancillary service costs)¹	\$170,533,327
12% Projected Increase to Total FY22 Spending (Total Fiscal Impact)	\$20,463,999
State CSA Share of Impact (66%)	\$13,506,240
Local CSA Share of Impact (34%)	\$6,957,759

PROGRAM/PROVIDER ANALYSIS

The data was analyzed to determine the overall fiscal impact of the new rates on individual providers. This was done by comparing the actual purchase order (PO) payments under the existing rates to the payments that would be made under the proposed tiered rates, as well as by identifying the number of programs and groups with a negative fiscal impact (proposed rates would be less than existing rates) and the number of students in these groups. There were 219 programs (listed in the CSA billing data) and 41 groups included in this analysis.

TABLE 6: PROGRAM IMPACT

Impact Information	
Number of Individual Programs	219
Number of Provider Groups	41
# of Programs with Negative Fiscal Impact	56 (26%)
# of Groups with Negative Fiscal Impact	10 (24%)
# of Students in Groups with Negative Fiscal Impact	331 (36%)

There are some programs and groups that would be negatively impacted by the proposed rates. There were ten (10) groups (with a total of 56 programs) with a negative fiscal impact, serving 331 students. The chart below shows how these 331 students are distributed by model tier. The tiers with the most students impacted is tier 5 which is the 3rd highest number of students, and tier 8 with the second lowest tier model rate.

¹ Ancillary services include specific interventions included in a student's IEP (e.g., speech/language therapy, physical therapy, applied behavior analysis) that when delivered directly to the student, are billed separately and apart for the daily rate addressed in the fiscal impact study.

Students in Schools with Negative Fiscal Impact by Tier

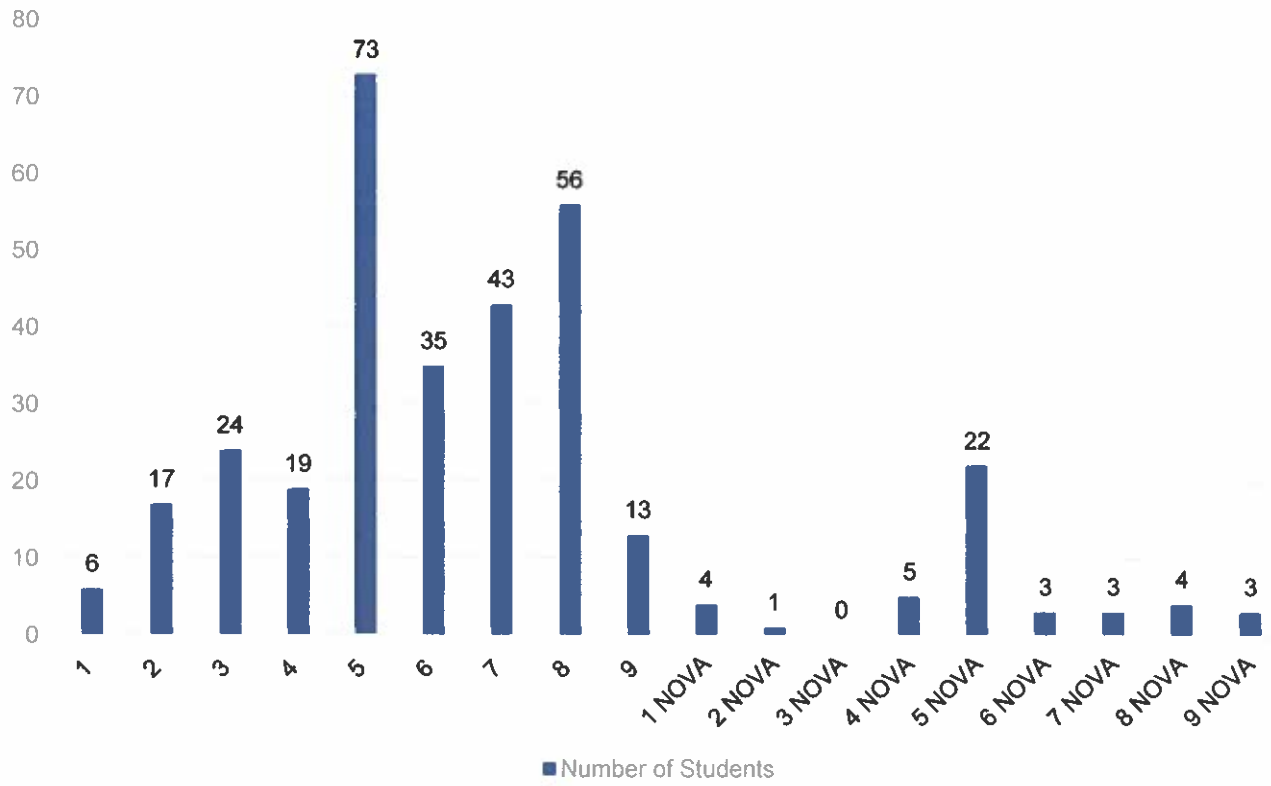


FIGURE 2: STUDENTS IN SCHOOLS WITH NEGATIVE IMPACT



COMMONWEALTH of VIRGINIA

Office of the Governor

Arnee Rogstad Guidara
Secretary of Education

November 1, 2022

The Honorable Barry D. Knight
Chair
House Appropriations Committee
Pocahontas Building
13th Floor
900 East Main Street
Richmond, VA 23219

The Honorable Janet D. Howell
Chair
Senate Finance Committee
Pocahontas Building
14th Floor
900 East Main Street
Richmond, VA 23219

Dear Delegate Knight and Senator Howell:

Pursuant to SB1313 and HB2117, 2021 Special Session I, we write to update you on the development of a detailed plan to consider the administration and use of Children's Services Act (CSA) funding for private special education day schools and residential facilities.

We are grateful for the time and expertise dedicated by all stakeholders in this effort, especially those who served on the work group, presented to the work group, and provided public comment to the work group. These stakeholders include parents, private day providers, local school division leadership including special education directors, local CSA coordinators, local governments including departments of family services and human services, associations representing individuals and students with disabilities, and state officials. We also appreciated the opportunity to continue our learning through conversations and site visits between work group meetings. We know that we are all motivated by our foremost, shared goal—best serving individuals and students with disabilities.

The work group convened for 12 meetings over 25 hours beginning in June 2021 and concluding October 14, 2022. The work group's final report with votes recorded on each recommendation is attached here. Significant deliberation and discussion spanned the entire period of the work group and work group members identified multiple topics in need of additional exploration. While all recommendations received more yes votes than no votes, there were ten members of the work group who were not present, including the critical voices of

multiple parents and special education directors, as well as six consistent vote abstentions. This context is important in evaluating potential action upon the work group's recommendations.

Recommendation 1.1: Transfer funds to the Virginia Department of Education (VDOE) effective July 1, 2024.

Vote Totals: Yes (9), No (4), Abstain (9), Not present (10)

Recommendation 1.2: Language should direct VDOE to administer funding in a manner that:

- 1. Funds services for students with highest support needs who are at risk of or in an out-of-public-school placement***
- 2. Ensures that funds are equally accessible to all school divisions***
- 3. Minimizes the fiscal impact of the new funding structure on localities***
- 4. Accounts for how the state and local governments and local educational authorities (LEA) will ensure funding sufficient for services to meet all federal and state requirements under the Individuals with Disabilities Education Act (IDEA).***

Vote Totals: Yes (16), No (0), Abstain (6), Not present (10)

Recommendation 1.3: The amount transferred, that shall be sum sufficient, should be determined by the General Assembly and the Governor, in consultation with the Department of Planning and Budget (with consideration of historical expenditure patterns).

Vote Totals: Yes (16), No (0), Abstain (6), Not present (10)

Recommendation 1.4: The language should ensure that existing Special Education Wraparound funds for services delivered in the home and community are retained within the CSA.

Vote Totals: Yes (16), No (0), Abstain (6), Not present (10)

Regarding Recommendations 1.1, 1.2 1-4, 1.3, and 1.4, members of the work group shared concerns that the Office of Children's Services' (OCS) administration of CSA is designed to be narrowly focused on fiscal management and its mission does not include responsibility for the quality of the services provided to students, as OCS and the local Community Policy Management Teams have limited ability to provide programmatic technical assistance and oversight. Other members discussed the programmatic technical assistance and oversight currently provided by VDOE and expressed concerns regarding scope, implementation, and impact of the proposed differences in oversight, accountability and data collection.

The Administration is committed to improving coordination between OCS's fiscal management and VDOE's programmatic technical assistance and oversight, including through providing regular reports and connecting financial inputs with student outcomes utilizing both agencies' data. Given the lack of a strong consensus that a transfer to VDOE would improve

administration or outcomes or reduce costs, the Administration does not recommend a transfer to VDOE at this time.

As part of this collaborative effort, we commit to building the capacity to make improvements to fiscal and programmatic oversight coordination administratively, providing greater transparency around the fiscal and quality measures by program, and leveraging the forthcoming implementation of the new rate setting beginning July 1, 2023 as directed by the General Assembly. This will provide a clearer picture of who is getting served, in what setting, at what cost, and with what outcomes.

Recommendation 2.1: CSA funds should not be used to pay for services delivered to students with disabilities in public school settings, except for transitional services as defined in § 2.2-5211 of the Code of Virginia.

Vote Totals: Yes (13), No (2), Abstain (7), Not present (10)

Regarding Recommendation 2.1, there appeared to be consensus support among members of the work group for the use of CSA funds for transitional services for students with disabilities in public school settings, as defined in § 2.2-5211 of the Code of Virginia. Some members desired CSA funds to be further expanded to support services in public school settings, as discussed in Recommendation 4.1.

The Administration encourages and supports partnership between local school divisions and private day schools to the maximum extent possible to best serve students with disabilities in the least restrictive environment. Services that result in successful transitions to public school settings when that setting is determined to be the least restrictive environment by a student with a disability's Individualized Education Program (IEP) team are critical.

Recommendation 2.2: Create a defined pool of funds within VDOE reserved for students with the highest support needs in public schools to enable those who are at risk of out-of-public-school placements to remain in the least restrictive environment as specified in their IEP. This pool would allow all school divisions to apply for funding to offset high costs of supporting students with intensive support needs.

Vote Total: Yes (14), No (1), Abstain (7), Not present (10)

Regarding Recommendation 2.2, as the Individuals with Disabilities Education Act (IDEA) federal law and state law and regulation states, students with disabilities must be served in the least restrictive environment (8VAC20-81-10) as determined by the student's Individualized Education Program (IEP) team. At this time, there is insufficient information on this recommendation, including the need, scope, use, and cost of a potential new defined pool of funds. Additionally, there has been insufficient exploration of all potential solutions, including solutions pursued in other states.

Recommendation 3.1: Continue data collection and analysis to determine if current transition funding and services parameters are appropriate or need modifications.
Vote Total: Yes (16), No (0), Abstain (6), Not present (10)

Regarding Recommendation 3.1, CSA was first expanded to support transitional services delivered to students with disabilities in public school settings as defined in § 2.2-5211 of the Code of Virginia effective July 1, 2021. The Administration's efforts to provide regular reports connecting inputs with student outcomes utilizing OCS and VDOE data includes transitional services. Like members of the work group, the Administration looks forward to learning more about the utilization of this new flexibility after its second school year of implementation.

Recommendation 4.1: CSA funds should not be used to pay for services delivered to students in public school, except for transitional services as defined in § 2.2-5211 of the Code of Virginia. Services and supports for students with high support needs should be determined by the student's IEP team and be in compliance with § 2.2-5211.
Vote Total: Yes (14), No (1), Abstain (7), Not present (10)

Regarding Recommendation 4.1, the Administration recommends that, should the General Assembly provide additional state funds to support services in public school settings beyond transition services, it should not be accomplished through CSA, as it appears inconsistent with CSA's statutory purpose.

The Administration again expresses its gratitude for the commitment and service of all work group members, presenters, and public commenters. As discussed in the final meeting of the work group on October 14, 2022, we do not view the conclusion of this work group and the submission of the work group's report as the end of our work together. We look forward to continuing to engage all stakeholders and to working with the General Assembly to further improve the oversight and quality of special education services and supports provided to students with disabilities in all educational settings.

Sincerely,



John E. Littel
Secretary of Health and Human Resources



Aimee G. Rogstad Guidera
Secretary of Education

**cc: Senator Monty Mason
Delegate Schuyler VanValkenburg
Anne Oman, Staff Director, House Appropriations Committee
April Kees, Staff Director, Senator Finance Committee**



Children's Services Act Work Group

Final Recommendations

EXECUTIVE SUMMARY

At the direction of the Virginia General Assembly, the Secretaries of Education and Health and Human Resources convened a work group to develop a detailed plan to consider the administration and use of Children's Services Act (CSA) funding for private special education day schools and residential facilities. The Virginia Department of Education (VDOE) and the Office of Children's Services (OCS) co-hosted 12 work group meetings between June 25, 2021 and October 14, 2022 to develop this plan for consideration by the General Assembly. A draft report was prepared in October 2021.

The Performance Management Group (PMG) within the VCU L. Douglas Wilder School of Government and Public Affairs facilitated these meetings to support the CSA Work Group members in developing this plan. This plan is a result of the Work Group reviewing relevant special education information as well as engaging with representatives from specialty regional schools, private schools, and public schools.

This final report outlines the Work Group's recommendations on the following topics:

- 1) A plan that may result in the transfer of CSA funds currently reserved for children requiring an educational placement in a private special education day school or residential facility to the VDOE;
- 2) The use of CSA funds to pay for services delivered directly to students with disabilities in a public school to enable those who are at risk of out-of-public-school placements to remain in the least restrictive environment;
- 3) The most effective use of CSA funds to transition students from out-of-public-school placements to public school, the transitional services that are appropriate direct services to be covered, the criteria for students to qualify for such funding, the necessity to modify the definition or criteria, and whether CSA funding should be expanded to include ongoing support for students with disabilities following the 12-month transition period; and
- 4) The types of direct services and supports that should be provided to students in the public school setting using CSA funds.

CHILDREN'S SERVICES ACT WORK GROUP

Final Recommendations

Recommendations Summary

Charge	Recommendation	Justification
#1: Potential transfer of CSA funds	1.1: Transfer funds to the VDOE effective July 1, 2024.	Recommended by JLARC
	1.2: Language should direct VDOE to administer funding in a manner that: 1) Funds services for students with highest support needs who are at risk of or in an out-of-public-school placement 2) Ensures that funds are equally accessible to all school divisions 3) Minimizes the fiscal impact of the new funding structure on localities 4) Accounts for how the state and local governments and local educational authorities (LEA) will ensure funding sufficient for services to meet all federal and state requirements under the Individuals with Disabilities Education Act (IDEA).	Required by House Bill 2117 and Senate Bill 1313
	1.3: The amount transferred, that shall be sum sufficient, should be determined by the General Assembly and the Governor, in consultation with the Department of Planning and Budget (with consideration of historical expenditure patterns).	Standard procedure
	1.4: The language should ensure that existing Special Education Wraparound funds for services delivered in the home and community are retained within the CSA.	Special Education Wraparound funds are a distinct category of CSA funds for children with educational disabilities which provide support outside the school setting



CHILDREN'S SERVICES ACT WORK GROUP

Final Recommendations

Charge	Recommendation	Justification
#2: Using CSA Funds in Public Schools	2.1: CSA funds should not be used to pay for services delivered to students with disabilities in public school settings, except for transitional services as defined in § 2.2-5211 of the Code of Virginia.	Eligibility to receive CSA funding is outlined in the Code of Virginia, §§2.2-5211- 2.2-5212. Services to students with disabilities in public school settings is the responsibility of the local educational authority.
	2.2: Create a defined pool of funds within VDOE reserved for students with the highest support needs in public schools to enable those who are at risk of out-of-public-school placements to remain in the least restrictive environment as specified in their IEP. This pool would allow all school divisions to apply for funding to offset high costs of supporting students with intensive support needs.	Provides funding for students in public school without using funds from CSA.
#3: Use of CSA Funds for Transitions to Public School	3.1: Continue data collection and analysis to determine if current transition funding and services parameters are appropriate or need modifications.	Only one year of data exists for transition funding to public school
#4: Types of direct services and supports for students with severe disabilities	4.1: CSA funds should not be used to pay for services delivered to students in public school, except for transitional services as defined in § 2.2-5211 of the Code of Virginia. Services and supports for students with high support needs should be determined by the student's IEP team and be in compliance with § 2.2-5211.	Eligibility to receive CSA funding is outlined in the Code of Virginia, §§2.2-5211- 2.2-5212. The types of direct services and supports provided to students with disabilities should be determined by IEP teams, who are best qualified to make these determinations.



OFFICE OF CHILDREN'S SERVICES

ADMINISTERING THE CHILDREN'S SERVICES ACT



UTILIZATION OF RESIDENTIAL CARE UNDER THE CSA

Annual Report to the Governor and General Assembly, December 15, 2022

In accordance with the Appropriation Act Chapter 2 Item 284 (B)(2)(d)

The Children's Services Act (CSA, §2.2-2648 et seq) was enacted in 1993 to create a collaborative system of services and funding for at-risk youth and families.

The CSA establishes local multidisciplinary teams responsible to work with families to plan services according to each child's unique strengths and needs and to administer the community's CSA activities.

The Office of Children's Services (OCS) is the administrative entity responsible for ensuring effective and efficient implementation of the CSA across the Commonwealth.

Guiding principles for OCS include:

- Child and family directed care,
- Equitable access to quality services,
- Responsible and effective use of public funds,
- Support for effective, evidence-based practices, and
- Collaborative partnerships across state, local, public, and private stakeholders.



Office of Children's Services
Empowering communities to serve youth

Item 284 B.2.d. Each locality shall submit to the Office of Children's Services information on utilization of residential facilities for treatment of children and length of stay in such facilities. By December 15 of each year, the Office of Children's Services shall report to the Governor and Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on utilization rates and average lengths of stays statewide and for each locality.

Aside from acute hospitalization, residential (or congregate) care is the most intensive setting to meet the treatment requirements of children and youth with high levels of need due to psychiatric, emotional, and behavioral problems. Historically, there has been concern about the high utilization of such settings. Models such as the System of Care, which is the foundation of the Children's Services Act, establish a preference for treating youth in the context of their families and communities. Over the years, several strategies have been implemented to decrease the number of children and youth placed in residential care settings. These strategies included implementing the *Children's Services System Transformation* initiative, a tiered, incentive match rate system in CSA designed to encourage serving children and youth in community-based settings. In FY2022, the steady downward trend in the number of children served in residential care continued (an overall decrease of 22% from FY2019). Over that same time period, the total CSA cost of these services decreased by 5.0%, the number of youth in psychiatric residential treatment placements (PRTF) decreased by 25%, and Group home (GH) placements decreased by 12%. It is likely that at least some of these decreases are related to restricted admissions due to the COVID-19 pandemic, as well as staffing shortages in the residential facilities. Placements for the most challenging youth continue to be a concern for CSA and its partner agencies (VDSS, DBHDS, DMAS), and concern over the need for more costly out-of-state placements (often not eligible for Medicaid reimbursement) has been an issue of considerable attention. Out-of-state residential placement costs have been approximately 8.9 million per year over the past four fiscal years.

Funding of residential placements is accomplished through several sources, Medicaid, CSA, and title IV-E for eligible children in foster care served in group home placements. The data in this report reflects only CSA expenditures.

Total CSA Expenditures for Residential Care (FY2019 - FY2022)

	FY2019	FY2020	FY2021	FY2022
Temporary Care Facility	494,708	503,252	122,124	162,389
Group Home	14,549,379	16,472,475	15,115,258	16,830,272
Residential Treatment Facility	57,418,781	59,409,876	55,631,447	51,854,325
TOTALS	\$ 72,462,868	\$ 76,385,603	\$ 70,868,830	\$ 68,846,986

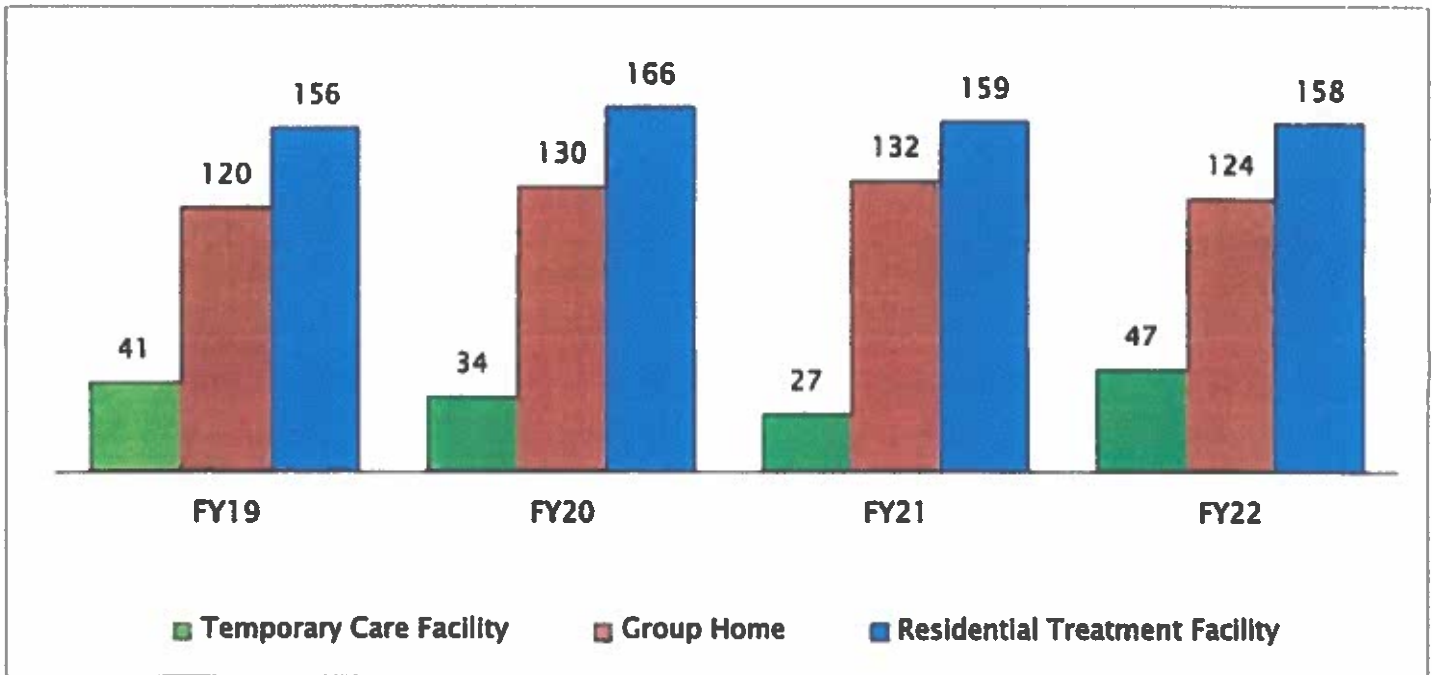
Note: Amounts do not include Title IV-E and Medicaid expenditures.

Number of Youth Served through CSA in Residential Care (FY2019 - FY2022)

	FY2019	FY2020	FY2021	FY2022
Temporary Care Facility	56	49	21	19
Group Home	726	716	622	642
Residential Treatment Facility	2,037	1,901	1,764	1,523
Unduplicated Total	2,424	2,323	2,103	1,884

The total reflects the unduplicated number of youth across all residential settings excluding special education placements.

Average Length of Stay (Days) per Youth in Residential Care (FY2019 - FY2022)



Note: Reflects the average number of days per youth within the fiscal year.

Utilization of Residential Care through the CSA by Locality, FY2020 - FY2022

FIPS	Locality	UNDUPLICATED YOUTH COUNT/CUMULATIVE DAYS - ACROSS ALL RESIDENTIAL PLACEMENT TYPES											
		FY2020				FY2021				FY2022			
		Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure
001	Accomack	5	550	92	\$88,143	4	715	143	\$86,950	3	635	159	\$107,861
003	Albemarle	34	5,982	166	\$1,158,381	29	5,437	103	\$1,495,618	27	5,795	121	\$1,809,723
005	Alleghany	9	1,244	96	\$245,165	5	841	84	\$207,766	6	986	141	\$139,151
007	Amelia	6	916	131	\$163,215	2	608	203	\$66,312	5	775	111	\$170,218
009	Amherst	13	2,089	161	\$246,770	11	1,346	104	\$199,617	15	1,797	100	\$225,059
011	Appomattox	15	3,059	191	\$377,744	14	2,360	112	\$332,822	8	1,379	106	\$194,499
013	Arlington	23	3,892	144	\$787,521	30	3,803	109	\$1,061,274	25	4,008	138	\$1,272,667
015	Augusta	16	2,957	185	\$379,078	16	2,373	140	\$352,730	17	2,895	126	\$521,619
017	Bath	2	175	88	\$32,135	2	183	92	\$28,483	0	0	0	\$0
019	Bedford County	53	10,350	178	\$1,668,670	40	8,395	135	\$1,688,614	35	6,570	129	\$1,463,069
021	Bland	1	199	199	\$37,430	2	205	103	\$21,924	2	175	88	\$16,965
023	Botetourt	8	1,425	158	\$228,315	6	879	126	\$119,542	5	819	137	\$156,494
025	Brunswick	6	1,183	197	\$191,026	4	1,024	256	\$215,025	4	633	158	\$128,561
027	Buchanan	18	2,669	111	\$576,734	11	2,021	135	\$314,263	14	1,218	72	\$293,895
029	Buckingham	3	427	107	\$79,417	4	585	98	\$64,786	7	588	84	\$180,005
031	Campbell	29	5,194	173	\$935,348	25	5,007	152	\$976,628	27	5,037	133	\$1,102,689
033	Caroline	7	1,198	171	\$175,223	7	1,026	114	\$105,133	9	1,531	128	\$207,660
035	Carroll	43	8,445	159	\$1,503,073	38	7,353	147	\$1,389,035	33	6,928	157	\$1,280,157
036	Charles City	2	343	172	\$54,319	3	745	248	\$55,932	2	146	49	\$33,102
037	Charlotte	7	868	109	\$229,680	4	1,005	201	\$148,537	3	995	249	\$149,304
041	Chesterfield	66	10,476	156	\$1,726,247	71	12,212	112	\$2,316,993	60	10,495	130	\$2,225,431
043	Clarke	6	746	124	\$120,280	3	488	163	\$71,254	1	130	130	\$19,717
045	Craig	3	559	140	\$75,471	2	470	118	\$95,300	1	184	184	\$39,560
047	Culpeper	16	3,514	207	\$532,069	20	3,823	127	\$624,635	11	1,651	97	\$421,668
049	Cumberland	5	839	168	\$156,646	4	324	81	\$35,972	4	838	168	\$159,811
051	Dickenson	6	1,264	158	\$190,902	9	1,162	89	\$248,103	16	2,429	101	\$641,030
053	Dinwiddie	12	2,426	202	\$449,144	12	2,641	165	\$450,299	10	2,395	150	\$496,329
057	Essex	8	1,060	118	\$125,155	8	1,527	109	\$242,128	4	683	137	\$97,627
061	Fauquier	26	5,117	197	\$938,688	37	3,753	82	\$589,423	20	3,656	108	\$713,707
063	Floyd	9	2,271	206	\$398,642	8	1,195	92	\$272,867	7	1,034	115	\$185,785
065	Fluvanna	14	2,900	132	\$639,062	9	1,977	124	\$380,949	7	776	86	\$178,082
067	Franklin County	46	7,500	144	\$1,278,156	37	7,860	187	\$1,273,824	42	7,634	112	\$1,567,341
069	Frederick	23	4,970	191	\$1,108,677	19	4,289	119	\$1,004,129	22	4,736	139	\$1,049,171
071	Giles	8	1,627	181	\$448,212	5	726	104	\$123,210	6	1,095	137	\$176,628
073	Gloucester	2	297	149	\$32,369	5	817	136	\$153,984	2	150	50	\$60,698
075	Goochland	3	420	105	\$54,784	4	239	60	\$46,591	7	775	97	\$127,445
077	Grayson	9	1,492	136	\$216,390	6	1,072	153	\$178,430	8	1,370	152	\$166,755
079	Greene	10	1,267	115	\$218,161	13	1,812	79	\$442,080	12	2,074	130	\$315,795
083	Halifax	24	4,735	182	\$908,825	12	2,832	157	\$703,620	11	2,591	185	\$545,135
085	Hanover	35	5,781	152	\$953,445	42	8,447	132	\$1,235,015	37	7,141	128	\$965,273
087	Henrico	84	14,881	160	\$1,951,693	82	14,877	131	\$2,331,084	64	10,080	112	\$2,214,893
089	Henry	18	3,756	209	\$737,171	24	4,631	132	\$904,094	24	4,493	155	\$793,073
091	Highland	0	0	0	\$0	0	0	0	\$0	0	0	0	\$0
093	Isle of Wight	4	45	11	\$6,145	4	654	131	\$95,848	6	915	102	\$97,451
095	James City	16	2,968	165	\$501,220	19	2,201	96	\$279,931	11	1,646	87	\$334,208
097	King & Queen	1	70	70	\$19,095	0	0	0	\$0	0	0	0	\$0
099	King George	10	2,210	158	\$600,470	11	2,186	95	\$638,608	9	1,725	133	\$340,853
101	King William	2	709	355	\$111,797	4	510	128	\$88,883	2	506	253	\$70,290
103	Lancaster	6	1,294	185	\$310,069	3	686	137	\$88,654	3	588	147	\$69,895
105	Lee	9	1,313	94	\$157,604	4	364	46	\$129,087	5	942	118	\$399,980
107	Loudoun	52	9,710	177	\$2,884,324	41	7,568	138	\$1,955,085	34	5,072	108	\$1,689,791
109	Louisa	17	3,392	188	\$607,139	22	3,810	95	\$743,307	22	4,919	117	\$975,682
111	Lunenburg	8	1,291	117	\$196,591	6	1,473	210	\$286,220	7	1,003	143	\$184,139

Utilization of Residential Care through the CSA by Locality, FY2020 - FY2022

FIPS	Locality	UNDUPLICATED YOUTH COUNT/CUMULATIVE DAYS - ACROSS ALL RESIDENTIAL PLACEMENT TYPES											
		FY2020				FY2021				FY2022			
		Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure
113	Madison	4	963	193	\$182,672	5	1,072	153	\$161,980	4	953	238	\$130,843
115	Mathews	2	360	180	\$86,705	1	215	215	\$24,375	0	0	0	\$0
117	Mecklenburg	19	4,728	158	\$789,672	16	3,171	117	\$529,109	9	1,371	137	\$241,015
119	Middlesex	0	0	0	\$0	0	0	0	\$0	0	0	0	\$0
121	Montgomery	19	2,923	139	\$569,161	22	2,839	92	\$450,114	13	2,145	113	\$520,420
125	Nelson	9	1,369	137	\$258,290	6	1,156	165	\$123,583	9	1,188	108	\$216,404
127	New Kent	3	194	39	\$78,128	3	529	132	\$91,424	6	1,161	166	\$198,697
131	Northampton	2	373	187	\$52,680	2	404	81	\$111,059	2	307	102	\$71,568
133	Northumberland	0	0	0	\$0	3	305	76	\$45,549	3	362	121	\$81,050
135	Nottoway	8	2,310	289	\$457,946	4	1,107	185	\$162,554	4	801	200	\$133,950
137	Orange	14	2,735	195	\$509,863	13	2,478	138	\$397,083	21	3,012	116	\$492,188
139	Page	14	2,633	114	\$616,500	13	1,386	58	\$445,666	9	1,872	156	\$349,152
141	Patrick	3	732	244	\$93,121	4	833	208	\$80,716	5	1,000	111	\$251,487
143	Pittsylvania	26	4,409	130	\$662,286	35	5,101	100	\$1,122,207	30	5,882	128	\$1,268,680
145	Powhatan	10	2,086	209	\$268,604	6	1,620	180	\$190,500	5	1,034	148	\$204,695
147	Prince Edward	6	1,008	144	\$286,698	3	641	160	\$162,878	4	691	138	\$179,305
149	Prince George	11	2,081	173	\$259,811	15	2,601	137	\$355,904	5	735	123	\$159,282
153	Prince William	102	17,968	128	\$4,453,863	83	14,976	113	\$3,549,038	65	10,510	108	\$2,398,424
155	Pulaski	24	4,032	161	\$962,584	18	2,532	94	\$681,581	15	1,914	96	\$445,391
157	Rappahannock	10	2,295	209	\$532,325	6	1,375	125	\$382,076	9	1,105	92	\$330,946
159	Richmond County	0	0	0	\$0	0	0	0	\$0	0	0	0	\$0
161	Roanoke County	38	6,614	144	\$1,109,996	33	6,007	118	\$1,226,158	42	8,117	148	\$1,674,959
163	Rockbridge	18	2,312	122	\$330,247	14	2,191	100	\$525,604	8	1,118	102	\$183,368
165	Rockingham	57	11,853	177	\$1,752,472	43	9,539	126	\$1,415,085	46	9,359	130	\$2,081,958
167	Russell	11	1,606	146	\$244,428	5	1,636	234	\$207,158	12	1,059	76	\$191,567
169	Scott	4	190	48	\$42,606	4	472	67	\$128,360	5	272	54	\$50,618
171	Shenandoah	35	6,719	168	\$1,823,075	31	6,027	131	\$1,417,036	21	4,408	130	\$1,311,138
173	Smyth	21	3,801	181	\$512,430	21	3,640	140	\$460,515	23	3,645	140	\$565,816
175	Southampton	3	799	266	\$88,420	4	615	154	\$65,829	2	402	134	\$34,607
177	Spotsylvania	35	6,159	176	\$1,068,465	33	6,475	114	\$1,156,211	36	6,328	105	\$1,357,466
179	Stafford	24	3,477	120	\$759,879	22	3,744	117	\$742,092	18	3,757	150	\$651,933
181	Surry	1	364	364	\$63,636	1	203	102	\$31,981	1	366	366	\$51,518
183	Sussex	3	275	55	\$50,734	6	776	97	\$117,175	4	248	62	\$25,756
185	Tazewell	19	3,508	146	\$639,498	24	4,318	111	\$852,406	25	4,662	126	\$1,116,837
187	Warren	8	1,424	142	\$206,646	9	1,745	134	\$296,641	9	1,279	98	\$196,878
191	Washington	19	3,586	171	\$474,723	26	4,076	127	\$617,296	16	2,821	134	\$393,696
193	Westmoreland	10	1,496	136	\$336,875	7	1,081	120	\$200,578	4	1,243	178	\$275,795
195	Wise	13	1,465	81	\$317,354	8	823	82	\$118,762	6	726	121	\$88,339
197	Wythe	10	1,938	194	\$260,569	14	2,302	128	\$439,720	15	2,800	108	\$619,922
199	York	10	2,327	194	\$551,496	9	1,817	151	\$470,683	10	2,480	155	\$808,826
510	Alexandria	14	1,513	108	\$398,788	16	2,048	89	\$412,550	15	1,584	83	\$256,123
520	Bristol	21	5,127	197	\$639,273	17	3,267	182	\$452,389	11	2,446	188	\$433,828
530	Buena Vista	14	2,751	145	\$445,158	9	1,233	123	\$138,393	7	1,614	161	\$281,455
540	Charlottesville	18	2,475	118	\$674,826	19	2,241	68	\$628,749	10	1,709	95	\$263,084
550	Chesapeake	11	1,200	86	\$202,473	8	1,747	125	\$367,641	9	1,032	115	\$206,265
570	Colonial Heights	5	1,161	232	\$144,966	5	771	129	\$237,946	6	1,219	174	\$389,150
580	Covington	9	2,171	121	\$463,532	14	1,543	73	\$312,968	7	1,231	123	\$166,237
590	Danville	45	6,499	114	\$1,241,498	30	3,802	95	\$780,252	24	2,108	64	\$639,482
620	Franklin City	4	597	149	\$73,372	3	821	117	\$125,994	5	690	86	\$188,890
630	Fredericksburg	11	1,304	109	\$268,080	15	2,184	95	\$441,011	11	1,666	111	\$336,008
640	Galax	10	1,088	109	\$186,268	6	529	53	\$74,989	7	1,015	113	\$226,813
650	Hampton	0	0	0	\$0	0	0	0	\$0	0	0	0	\$0

Utilization of Residential Care through the CSA by Locality, FY2020 – FY2022

FIPS	Locality	UNDUPLICATED YOUTH COUNT/CUMULATIVE DAYS - ACROSS ALL RESIDENTIAL PLACEMENT TYPES											
		FY2020				FY2021				FY2022			
		Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure	Youth	Days	Avg. LOS	Expenditure
660	Harrisonburg	25	4,941	176	\$870,985	22	3,146	87	\$720,246	14	2,686	128	\$456,189
670	Hopewell	2	209	105	\$14,093	5	624	125	\$87,260	2	133	67	\$16,380
678	Lexington	0	0	0	\$0	1	27	14	\$11,091	1	92	46	\$40,915
680	Lynchburg	75	9,163	109	\$1,215,333	49	7,132	119	\$947,187	44	4,847	91	\$733,181
683	Manassas City	7	1,443	160	\$182,970	7	925	103	\$172,003	8	2,072	207	\$390,037
685	Manassas Park	2	319	160	\$53,188	1	92	92	\$19,320	2	236	79	\$35,179
690	Martinsville	6	784	131	\$139,275	3	300	75	\$106,090	4	862	108	\$202,591
700	Newport News	16	2,374	140	\$436,263	17	2,457	129	\$407,799	16	1,870	117	\$251,398
710	Norfolk	76	10,53	130	\$2,125,369	57	10,301	110	\$1,859,411	60	9,559	104	\$1,811,418
720	Norton	0	0	0	\$0	1	45	45	\$8,756	1	5	5	\$900
730	Petersburg	16	2,118	132	\$251,643	15	2,463	145	\$394,979	8	880	98	\$173,893
735	Poquoson	1	366	366	\$31,471	0	0	0	\$0	1	304	304	\$71,198
740	Portsmouth	6	990	141	\$154,741	10	1,454	121	\$206,147	9	2,006	201	\$276,828
750	Radford	5	770	154	\$132,503	5	915	153	\$150,675	3	315	79	\$30,432
760	Richmond City	88	17,15	191	\$3,010,785	75	13,272	112	\$2,936,499	60	10,173	112	\$2,475,467
770	Roanoke City	47	9,005	170	\$1,381,595	49	9,513	124	\$1,845,667	54	8,610	108	\$2,001,034
775	Salem	11	2,091	161	\$319,950	14	2,281	114	\$425,981	12	2,121	133	\$380,413
790	Staunton	16	3,116	183	\$644,166	14	3,271	218	\$464,409	13	3,227	202	\$422,713
800	Suffolk	14	2,530	158	\$333,226	14	2,085	110	\$402,449	16	1,855	88	\$310,424
810	Virginia Beach	98	16,71	167	\$3,242,450	87	16,590	102	\$3,672,114	76	15,063	102	\$3,283,059
820	Waynesboro	12	2,525	168	\$446,344	10	1,817	151	\$325,445	11	1,173	78	\$213,610
830	Williamsburg	1	209	209	\$76,122	3	472	118	\$129,620	3	662	221	\$149,306
840	Winchester	23	4,845	179	\$1,085,730	20	3,615	98	\$669,376	14	2,506	96	\$546,599
1200	Greensville/ Emporia	3	388	129	\$54,303	2	211	106	\$26,080	3	406	135	\$74,069
1300	Fairfax/Falls Church	128	16,28	107	\$5,878,377	105	13,553	92	\$4,738,603	94	13,940	117	\$5,547,404

OFFICE OF CHILDREN'S SERVICES

ADMINISTERING THE CHILDREN'S SERVICES ACT



IMPACT OF TIERED MATCH RATES FOR CSA

*Annual Report to the Governor and General Assembly, December 1, 2022
In accordance with the Appropriation Act Chapter 2 Item 284 (C)(3)(c)*

Item 284.3.a. Notwithstanding the provisions of C.2. of this Item, beginning July 1, 2008, the local match rate for community-based services for each locality shall be reduced by 50 percent.

b. Localities shall review their caseloads for those individuals who can be served appropriately by community-based services and transition those cases to the community for services. Beginning July 1, 2009, the local match rate for non-Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base. Beginning July 1, 2011, the local match rate for Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base.

c. By December 1 of each year, The State Executive Council (SEC) shall provide an update to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on the outcomes of this initiative.

As established in the Appropriation Act, funding for services to children and families through the Children's Services Act (CSA) is a shared responsibility of state and local government. Effective July 1, 2008, the Appropriation Act implemented a three-tiered, incentive-based local match rate model to encourage reduced utilization of residential care and, conversely, increase the proportion of children served in their homes and communities, and support investments in community-based services. This policy-driven match rate model promotes the delivery of services consistent with the statutory purposes of the CSA (see § 2.2-5200, Code of Virginia) to:

- preserve and strengthen families;
- design and provide services that are responsive to the unique and diverse strengths and needs of troubled youth and families; and
- provide appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public.

Before 2008, CSA utilized a single base match rate unique to each locality. These local base match rates were established in the early years of the CSA (1993-1998) utilizing a formula that reflected the amounts contributed by localities in previous years and growth in the rate based on the locality's ability to pay. Under the tiered (incentive) model, the local match rate for residential services is 25% above its base match rate, and for community-based services, 50% below its base match rate. Designated services (foster care and special education) remain at the base match rate. Local base match rates range from 16.98% to 53.09% with the average local base match rate of 32.99%.

The Children's Services Act (CSA, §2.2-2648 et seq) was enacted in 1993 to create a collaborative system of services and funding for at-risk youth and families.

The CSA establishes local multidisciplinary teams responsible to work with families to plan services according to each child's unique strengths and needs and to administer the community's CSA activities.

The Office of Children's Services (OCS) is the administrative entity responsible for ensuring effective and efficient implementation of the CSA across the Commonwealth.

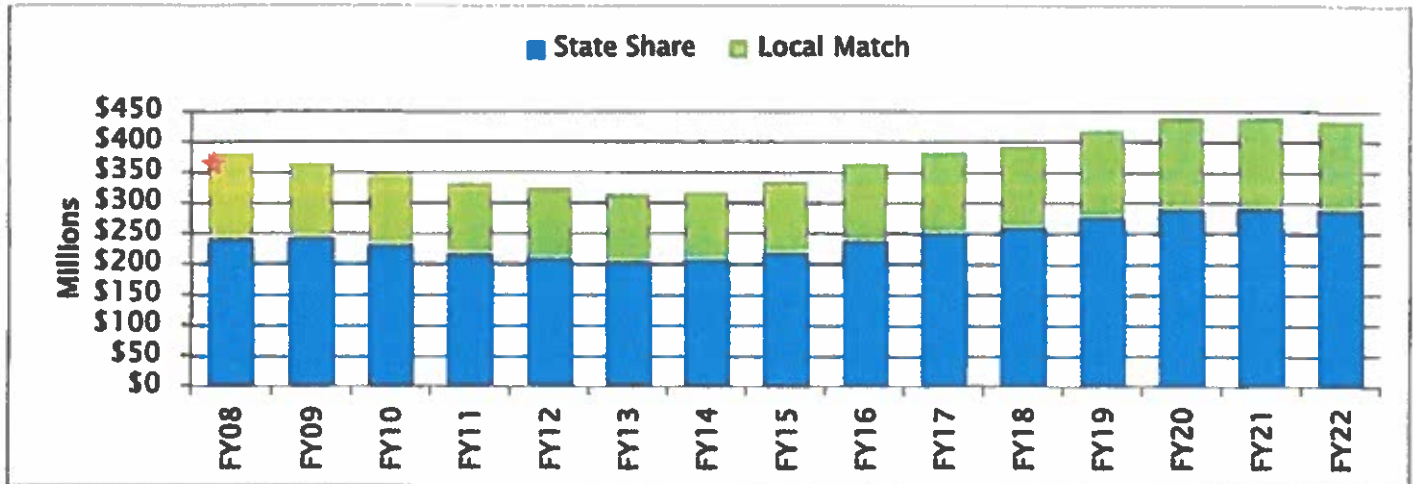
Guiding principles for OCS include:

- Child and family directed care,
- Equitable access to quality services,
- Responsible and effective use of public funds,
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- Collaborative partnerships across state, local, public, and private stakeholders.



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Total Net Expenditures for the Children's Services Act



★ Implementation of the tiered, "Incentive" match rate model

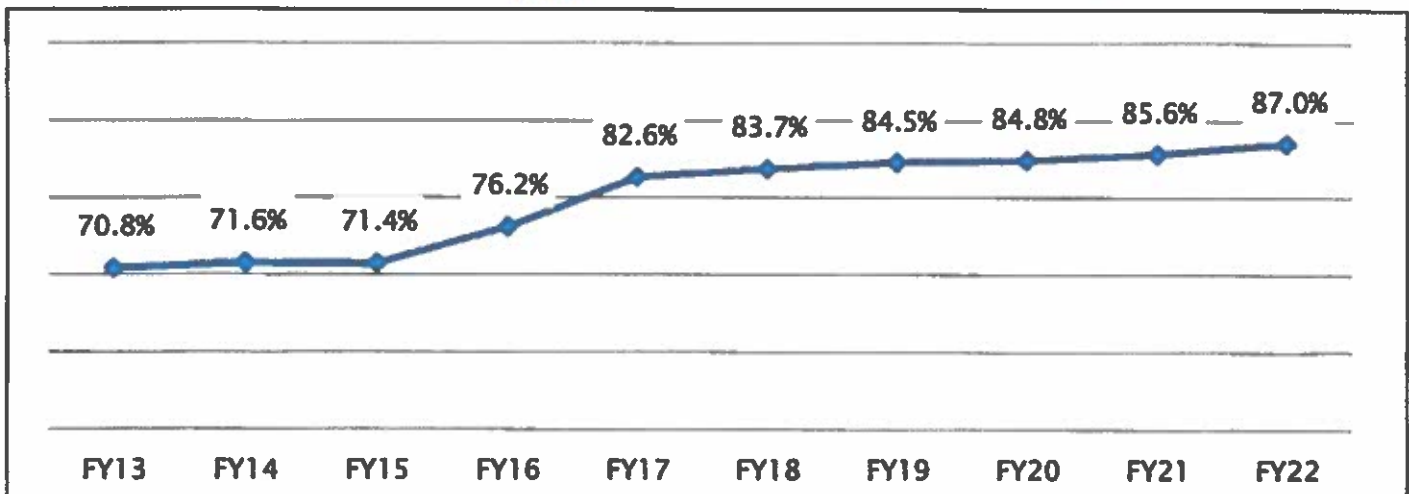
Effective (Actual) Match Rates (Statewide Average)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Effective Local Match Rate	35.3%	34.9%	34.9%	34.8%	34.4%	34.3%	34.0%	34.0%	33.8%	33.6%
Effective State Match Rate	64.7%	65.1%	65.1%	65.2%	65.6%	65.7%	66.0%	66.0%	66.2%	66.4%

The effective match rate reflects the impact of the mix of services at the various tiered match rates on the overall match rate for all funded services.

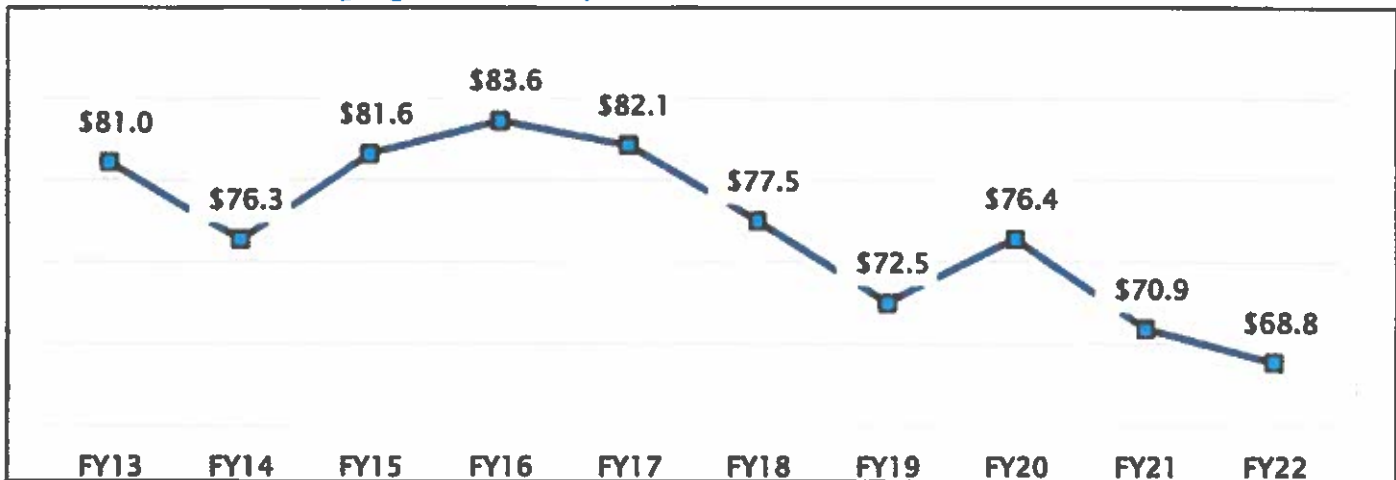
Impact of the Tiered (Incentive) Match Rate Model

Percent of Youth Served Only in Community-Based Settings (FY2013 - FY2022)



The chart above reflects the percentage of youth in the total CSA census for the year served only within their family and communities (i.e., have not required a congregate-care placement). The chart below shows expenditures for residential placements.

CSA Congregate Care Expenditures (Millions) (FY2013 - FY2022)



Discussion

The intent of the tiered match rate model was two-fold. The first was to employ fiscal incentives to discourage the placement of children into restrictive, residential (congregate care) treatment settings when it was possible to safely utilize alternative, non-residential services that would adequately address the needs of the child, family, and community. The chart *Impact of the Tiered (Incentive) Match Rate Model (FY2013 - FY 2022)* illustrates that this goal has been increasingly realized. Over the period shown, there has been a 16.2 percent increase in the children served through the Children's Services Act who did not experience any congregate care placements during the reporting year. Residential placements are typically among the more costly services funded through the CSA (second to private day special education placements). The tiered match rate system's associated goal was to control CSA expenditures that, at the time (FY2008), had grown to their highest historical point. In the years immediately following the tiered match rates' implementation, overall CSA expenditures did fall significantly. CSA is unable to attribute this decrease solely to the match rate model, as this period coincided with a significant economic recession. In FY2015, this trend reversed with overall CSA annual expenditures rising, as shown in the chart *Total Net Expenditures for the Children's Services Act*. However, in contrast to the general expenditure trend, beginning with FY2017 and continuing through FY2022, CSA residential expenditures declined at a noticeable rate, despite a temporary uptick in FY2020.

While the effective (actual) state (vs. local) match rate is higher than the base rate, the match rate ratio has been virtually unchanged for the past several years. The effective local match has not declined further due to the significant rise in costs (and overall share of total CSA expenditures) associated with private special education day placements. Such educational placements are not subject to an incentive or disincentive through the tiered match rate model, creating less variability in the effective state vs. local match rates. Using fiscal incentives to impact special education placements is not permissible under the federal Individuals with Disabilities Education Act (IDEA).

Within its limits, the tiered match rate model appears to have achieved its goal of increasing the utilization of community-based versus congregate care services with an associated overall decrease in costs for services potentially impacted by the model.

In 2022, the Governor's Safe and Sound Task Force was formed to address children in foster care who were displaced from appropriate foster homes or alternative settings. Consistent with a desire to improve outcomes by minimizing the number of children in congregate care settings, Phase 2 of the work of the Task Force (beginning in FY2023) has identified a reduction in the percentage of children in foster care who are in congregate settings. This will be addressed through both an increase in the availability of non-congregate foster care placements, as well as a reduction in the length of time children in foster care remain in congregate placements. It is anticipated that success in this endeavor will result in a higher proportion of CSA-served children served only in community-based settings and perhaps a further reduction in the effective local match rates in future years.

OFFICE OF CHILDREN'S SERVICES

ADMINISTERING THE CHILDREN'S SERVICES ACT



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Guiding principles for OCS include:

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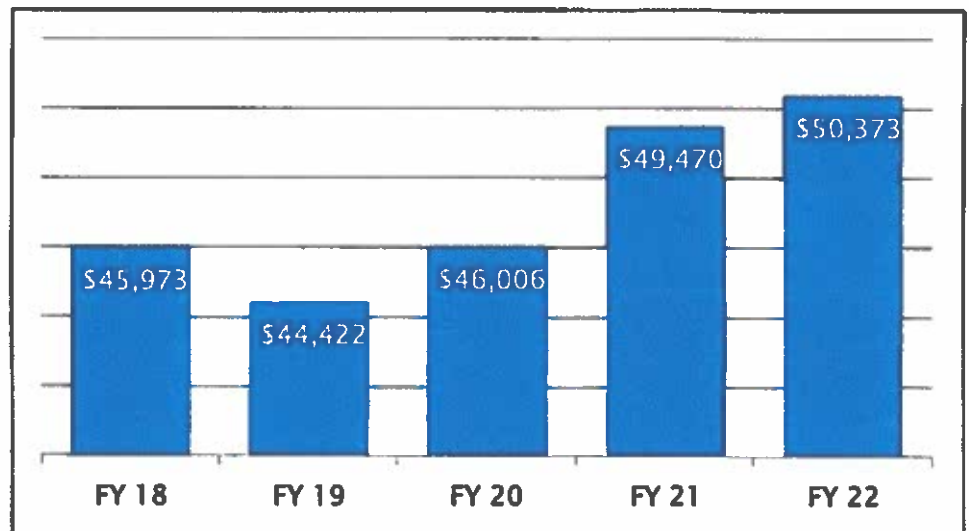
PRIVATE SPECIAL EDUCATION SERVICES UNDER THE CSA

Annual Report to the General Assembly, December 1, 2022
In accordance with the Appropriation Act Chapter 2, Item 284 (K)(2)

Item 284.K.2. The Office of Children's Services shall report on funding for special education day treatment and residential services, including but not limited to the number of children served annually, average cost of care, type of service provided, length of stay, referral source, and ultimate disposition.

Children and youth with educational disabilities placed due to the student's Individualized Education Programs (IEP) in approved private school educational programs are a component of the population served by the Children's Services Act (CSA). These children are eligible for CSA funded services as specified in the *Code of Virginia*, §§2.2-5211 and 2.2-5212. Services may be provided in either a private day school or private residential school, in accordance with the student's IEP.

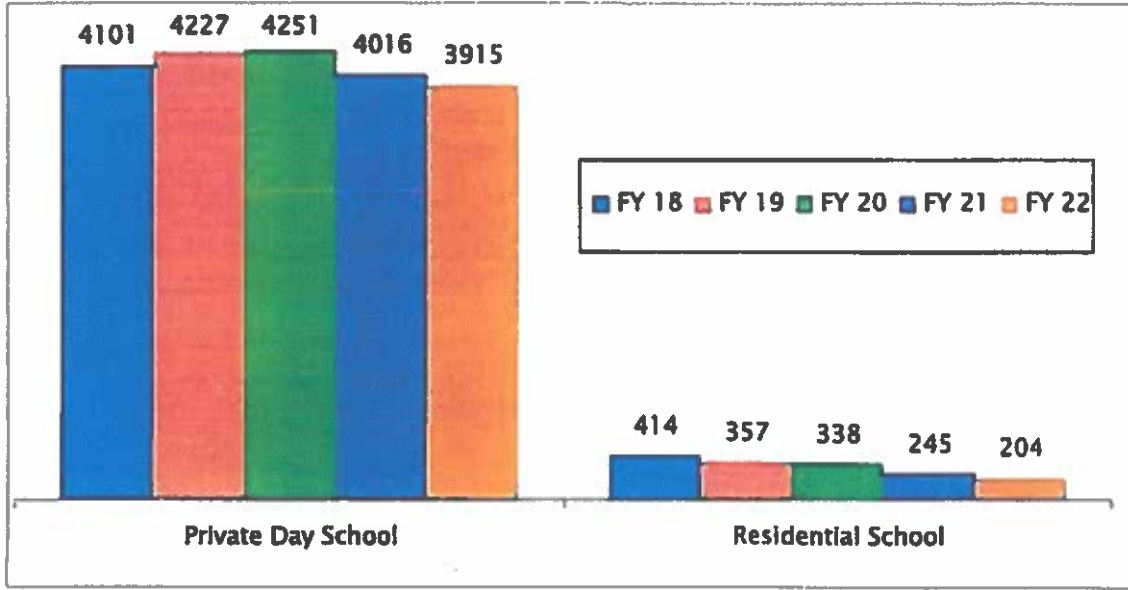
Average Annual CSA Expenditure Per Child (FY2018 - 2022) Private Day Special Education Services



Net CSA Expenditures by Placement Type Special Education Services

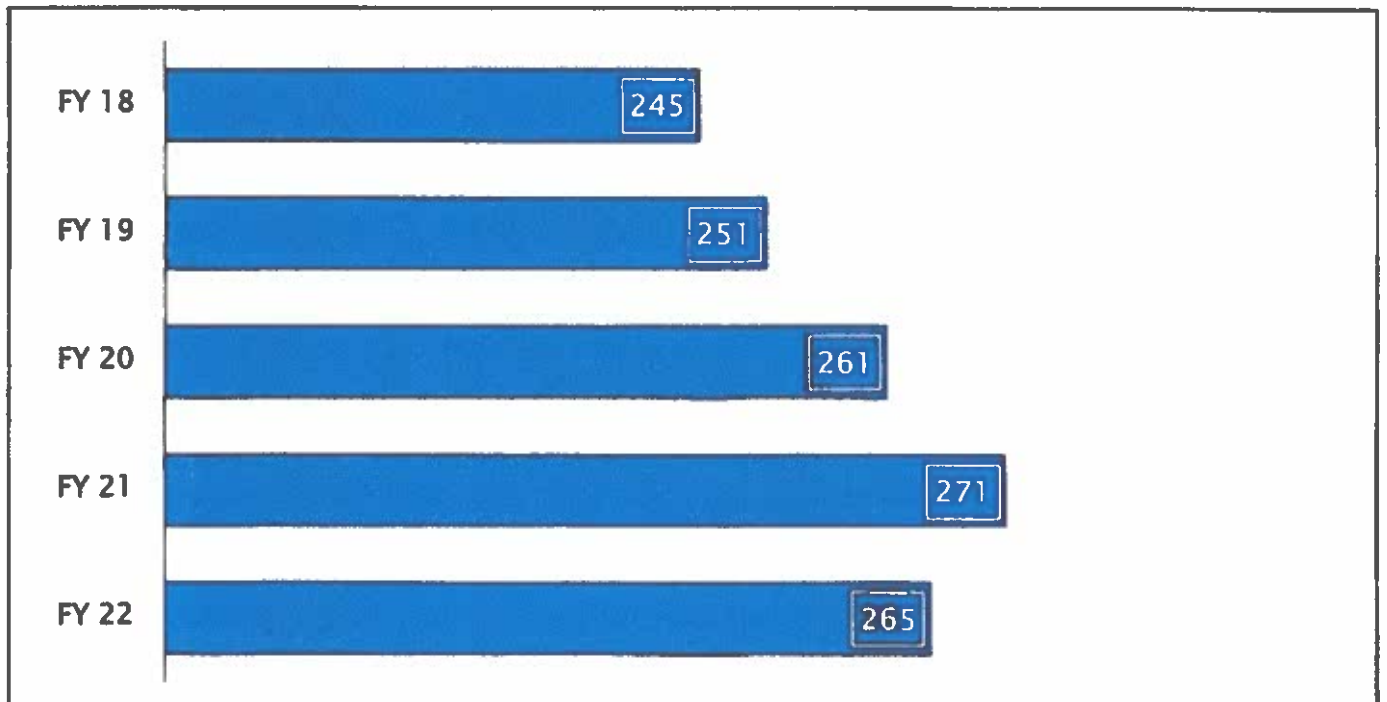
	FY2019	FY2020	FY2021
Private Day School	\$193,404,469	\$197,281,992	\$195,078,016
Private Residential School	\$12,004,699	\$9,255,269	\$9,437,088
Total	\$205,409,168	\$206,537,261	\$204,515,104

**Number of Youth Served by Placement Type
Special Education Services (FY2018 - 2022)**

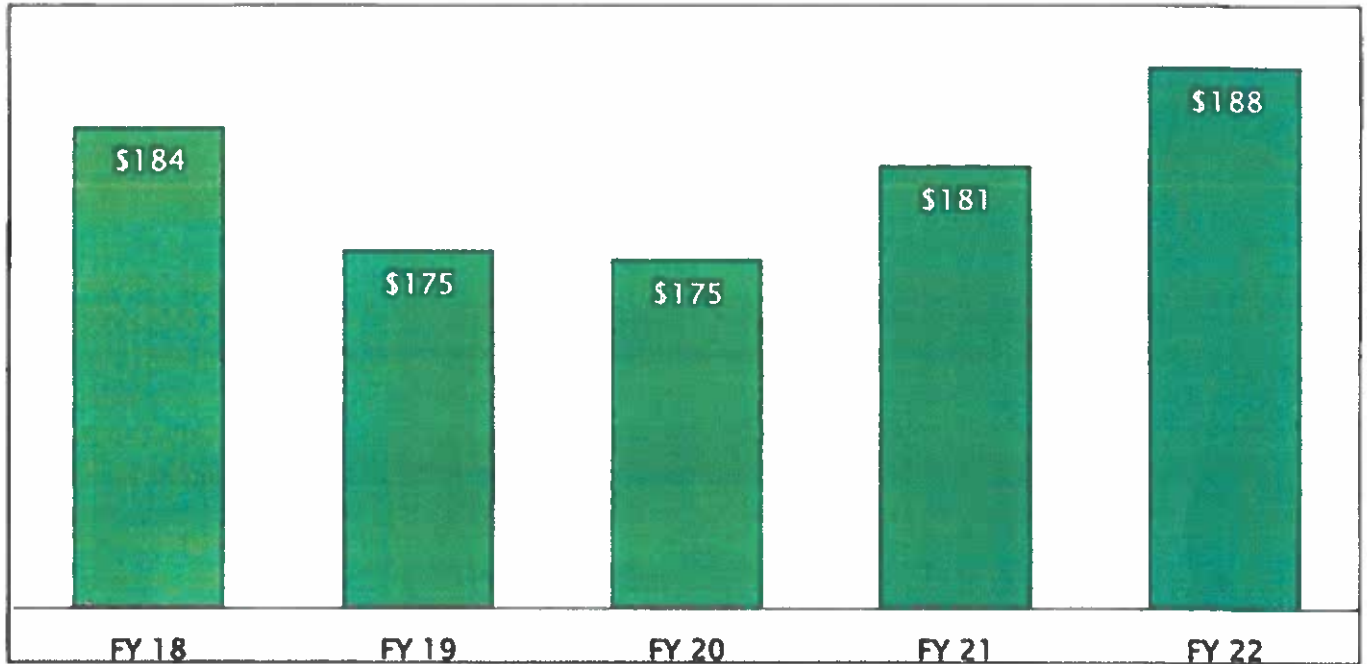


FY2022 unduplicated count of youth who received services resulting from an Individualized Education Program (IEP) requiring private school placement = 4,060

Average Length of Stay (Number of Days per Year) for Private Day Placements (FY2018 - 2022)



Average Daily Cost per Child for Private Day Placements (FY2018 – 2022)



Discussion

The historical growth in private special education placements, especially private day schools, has received extensive attention over the years. Children's Services Act (CSA) expenditures for private day special education placements account for the largest proportion of overall CSA growth since 2015. The number of students served in such placements required by their Individualized Education Programs (IEP), rose 24% (3,416 to 4,251 between FY2015 and FY2020). There has been a 7.1% (336 students) decrease since FY2020, most likely due to the impact of the COVID-19 pandemic. The pandemic continues to complicate understanding around utilization and expenditure patterns in FY2022. While the number of youth served has decreased, per-student daily tuition expenditures showed modest growth (3.9% from FY2021 to FY2022).

In November 2020, the Joint Legislative Audit and Review Committee (JLARC) released its report on the CSA, with a specific focus on private day special education. JLARC made numerous recommendations, including:

- Transfer administration of funding for special education private programs, required by a student's IEP, to the Virginia Department of Education.
- Allow CSA funds to pay for special education services and supports delivered in the public school setting to prevent children from being placed in more restrictive settings or transitioning back to public school from more restrictive settings.
- Providers of private day special education programs should be required to report annually on their costs and revenues to provide transparency in the expenditure of public dollars.
- The Department of Education should annually collect and publish performance data on private day schools similar to or the same data collected and published for public schools.

- **The Board of Education should develop and promulgate new regulations on seclusion and restraint in private day schools that mirror those for public schools.**

The 2021 Session of the General Assembly took action on several of these recommendations by approving both SB1313 and HB2117. Through an enactment clause in those bills, a workgroup was charged with making recommendations around the JLARC findings. The final workgroup report is due to the General Assembly November, 1 2022. Additionally, the legislation added CSA funding for specified transitional services to assist with the successful return of students from private day to public school settings. These new services were made available to localities on July 1, 2021. In FY2022, 35 students received funding (\$433,254) under this new transitional funding eligibility.

The Office of Children's Services is finalizing a uniform rate-setting and fiscal impact study and developing a process for implementing these rates for private day special education programs as directed by the General Assembly. These rates will be effective FY2024.

OFFICE OF CHILDREN'S SERVICES

ADMINISTERING THE CHILDREN'S SERVICES ACT



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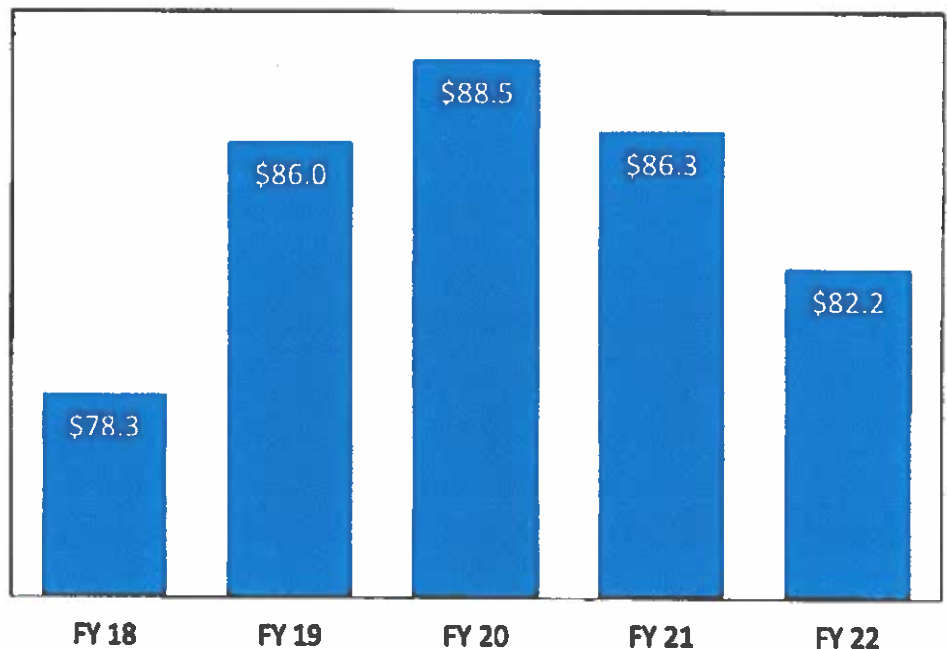
TREATMENT FOSTER CARE SERVICES UNDER THE CSA

Annual Report to the General Assembly, December 1, 2022
In accordance with the Appropriation Act, Chapter 2, Item 284 (K)(1)

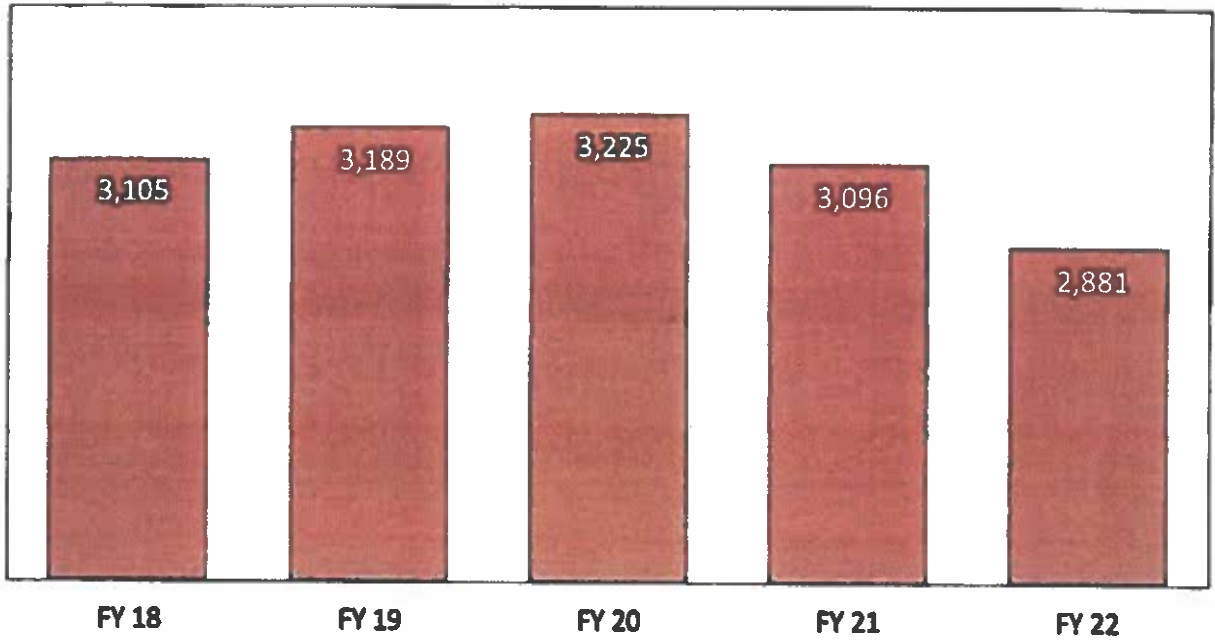
K.1. The Office of Children's Services (OCS) shall report on funding for therapeutic foster care services including but not limited to the number of children served annually, average cost of care, type of service provided, length of stay, referral source, and ultimate disposition. In addition, the OCS shall provide guidance and training to assist localities in negotiating contracts with therapeutic foster care providers.

Treatment foster care (TFC) is a community-based program that addresses a child's placement and service needs while the child is in the custody of a local department of social services. Foster parents trained, supervised, and supported by a private agency (licensed child-placing agency, or LCPA) provide TFC. TFC is family-based, goal-directed, and results-oriented, emphasizing permanency planning for the child in care. Total TFC costs may be offset partially by federal/state title IV-E revenues to cover maintenance costs (room and board) for eligible children in foster care. Title IV-E revenues and payments are handled through the Department of Social Services.

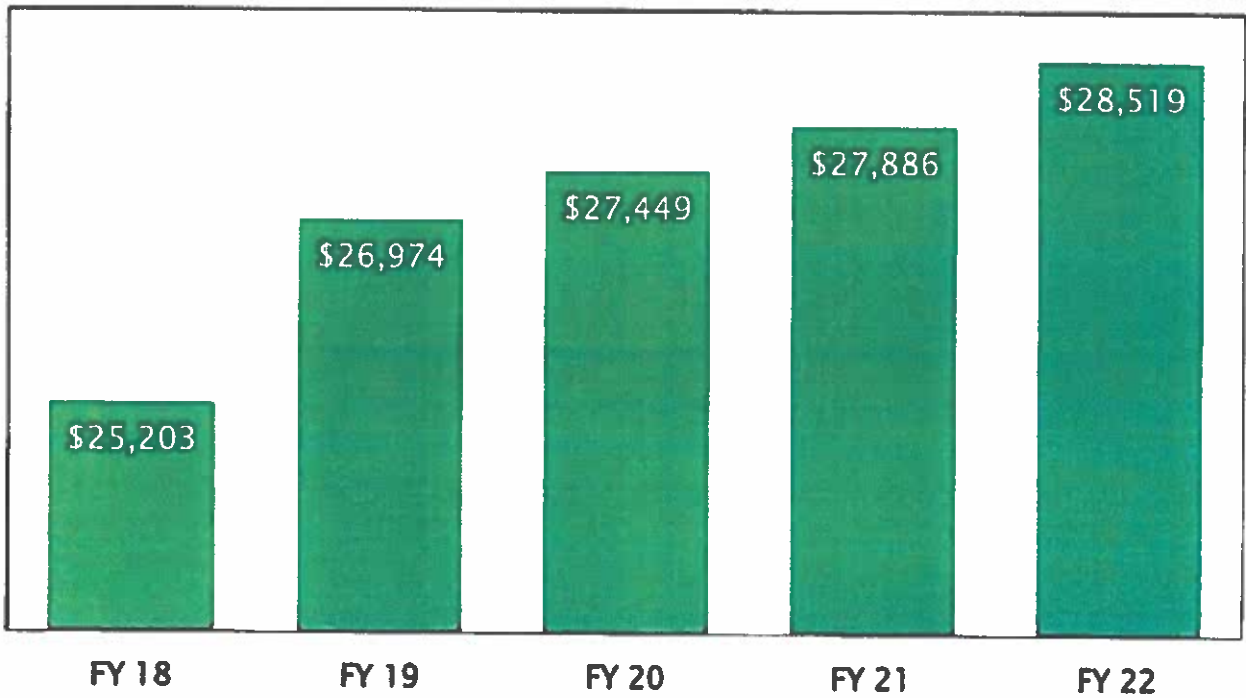
Total CSA Expenditures (Millions)
Treatment Foster Care (FY2018 - FY2022)



**Number of Youth Served
Treatment Foster Care (FY2018 - FY2022)**



**Average Annual CSA Expenditure per Child - (Includes Foster Care Maintenance Costs)
Treatment Foster Care (FY2018 - FY2022)**



**Average Length of Stay (Number of Days/Year)
Treatment Foster Care (FY2018 - FY2022)**



Discussion

In FY2022, utilization of treatment foster care (TFC) continued a decrease seen over the past two years (11% since FY2020). TFC remains a primary resource for foster care placements in Virginia. This reflects ongoing challenges in local departments of social services' ability to establish "agency foster homes" (foster families recruited and supported by the local department) and the needs of children in foster care for higher levels of support than typically provided in agency foster homes. Approximately 53% of children in foster care are placed in a TFC arrangement through a licensed child-placing agency (LCPA). LCPAs are private agencies that, among other services, provide for foster home placements through referrals from the local departments of social services. In FY2022, a TFC placement (exclusive of monthly maintenance and enhanced maintenance payments) averaged \$109 per day or approximately \$22,400 per year. While foster care maintenance costs may be supported by CSA pool funds or the federal title IV-E program, TFC-specific costs (CSA Service Name = "Private Foster Care, Support, Supervision, and Administration") are paid exclusively from the CSA state pool and local matching funds.