



Review of the Children's Services Act and Private Special Education Day School Costs

Study mandate

- Review the administration of the Children's Services Act (CSA), including:
 - state and local spending through CSA on services for at-risk children
 - drivers of spending growth in the CSA program
 - effectiveness of services
 - state and local oversight and administration
 - gaps in available services for at-risk children

Research activities

- Interviews
 - Staff at the Office of Children's Services (OCS), local CSA programs, school divisions, private day schools, other states
- Data analysis
 - CSA spending, children's use of services, children's outcomes, and private day school finances
- Surveys
 - Local CSA staff, Community Policy and Management Team chairs, and children's case managers

In brief

The majority of children receiving CSA services benefit from them, but the local service planning process can delay the start of services.

More children could be served through the CSA program.

Office of Children's Services does not have sufficient authority to ensure effective program implementation.

CSA program's role in private special education day school services is only to pay for them, but these services are driving the program's spending growth.

Preventing CSA funds from being spent on services delivered in public schools prevents state and local dollars from being used most effectively.

In this presentation

Background

Local CSA program effectiveness

Role and responsibilities of OCS

Private day special education spending and use

Alternative approaches to using CSA funds for students with disabilities

Private day school performance and standards

CSA funds and coordinates services for Virginia's most at-risk children

- CSA was enacted in 1994 and consolidated several state funding streams for children's services
- Created a coordinated, multi-agency service planning and case management process for at-risk children and families
- Over 15,000 children served in FY19
- \$427 million spent in state/local funds in FY19

CSA funds four major types of services



Community-based services

- Intensive care coordination
- Community services
- Intensive in-home
- Community transition



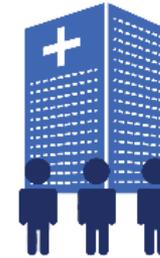
Education services

- Private day school
- Wrap around services for students with disabilities
- Congregate educational services



Foster care maintenance

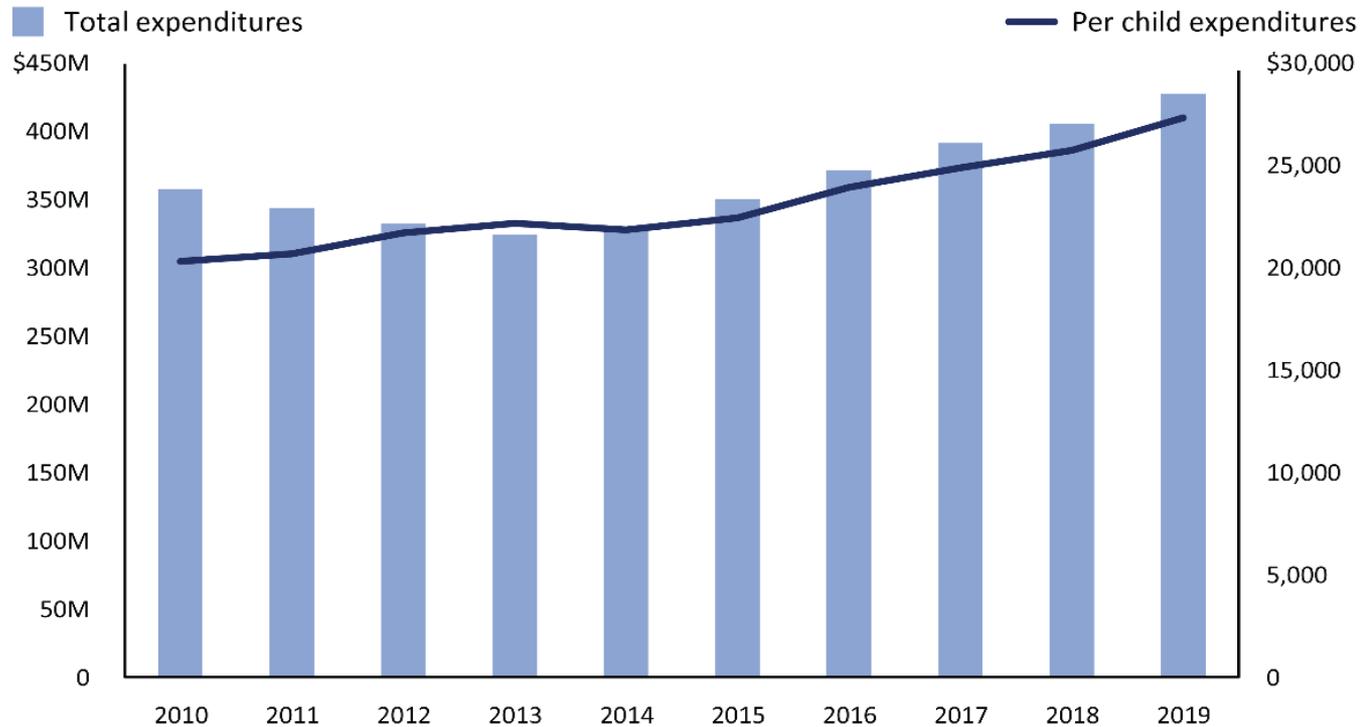
- Basic maintenance payments
- Therapeutic foster care
- Independent living



Residential services

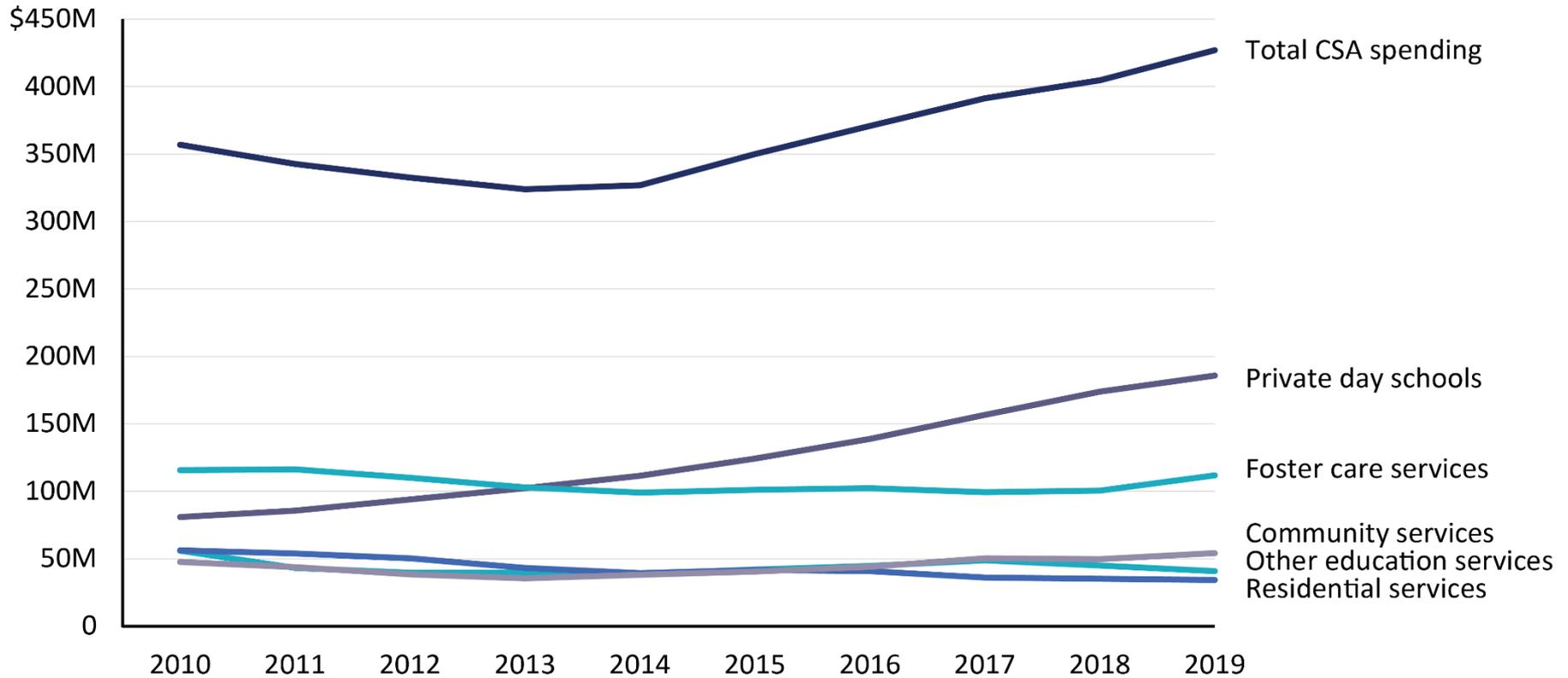
- Group home
- Residential treatment facility
- Psychiatric hospital
- Temporary care facility

CSA spending has increased since FY 2014

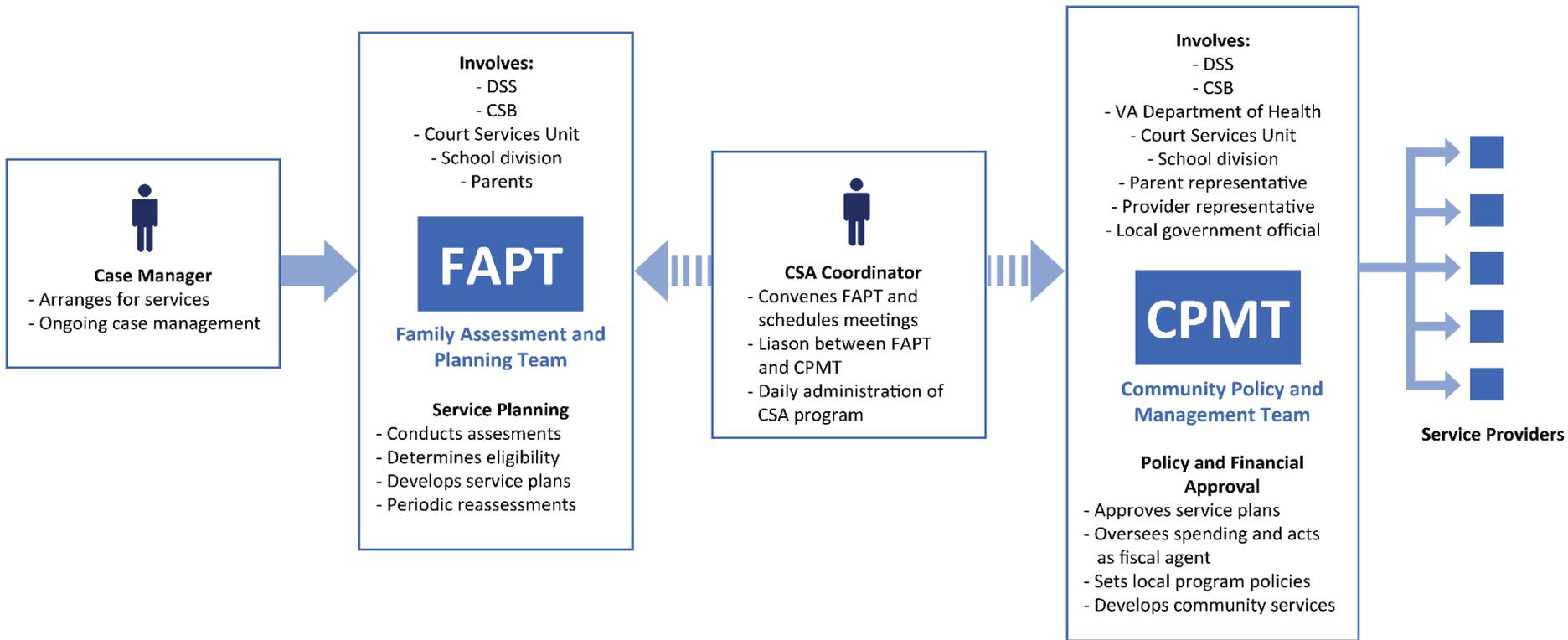


NOTE: Graphic represents gross CSA expenditures.

Increased spending on CSA-funded services is driven by spending on private day schools



CSA process involves multiple local agencies



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Findings

Majority of children receiving CSA services experience fewer social, emotional, and behavioral challenges.

CSA service planning can delay children's receipt of services.

Children appear to benefit from CSA's coordinated service planning

- 60 percent of case managers reported
 - majority of CSA children on their caseloads have made progress
 - CSA planning process augments the service plans that case managers would develop on their own
- Children in community-based services experience greatest improvements
 - Improvements in behaviors that can cause children to harm themselves, run away, bully other children, miss school

Service planning process can delay services

- Case managers said that services take longer to begin for their CSA cases than their non-CSA cases
- Children in 22 percent of localities are estimated to have waited more than a month for services after their referral to CSA
- OCS does not collect data on timeliness of service planning and delivery

Recommendation

OCS should

- (i) require local CSA programs to measure, collect, and report timeliness data to OCS at least annually;
- (ii) use the data to target assistance to local CSA programs that take relatively more time to initiate services; and
- (iii) notify CPMTs of their CSA programs' performance.

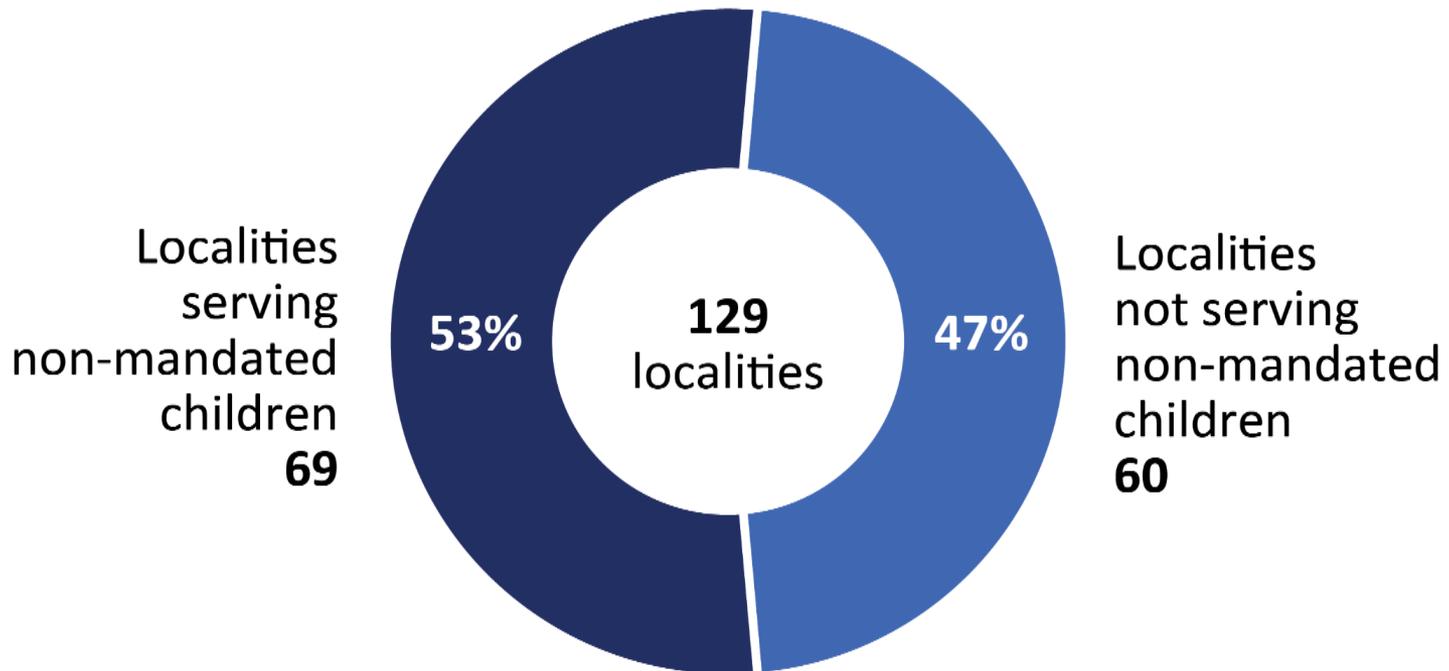
Finding

Nearly half of localities do not use CSA funds for some children who could benefit from the program.

Children are placed into two different eligibility categories

- Two CSA eligibility categories – mandated and non-mandated
- Children’s access to funding differs by category
 - Funds for children in mandated category are sum-sufficient
 - Funds for children in non-mandated category are capped
- Non-mandated children have similar, but less severe, needs as mandated children
- Code of Virginia does not require localities to serve non-mandated children

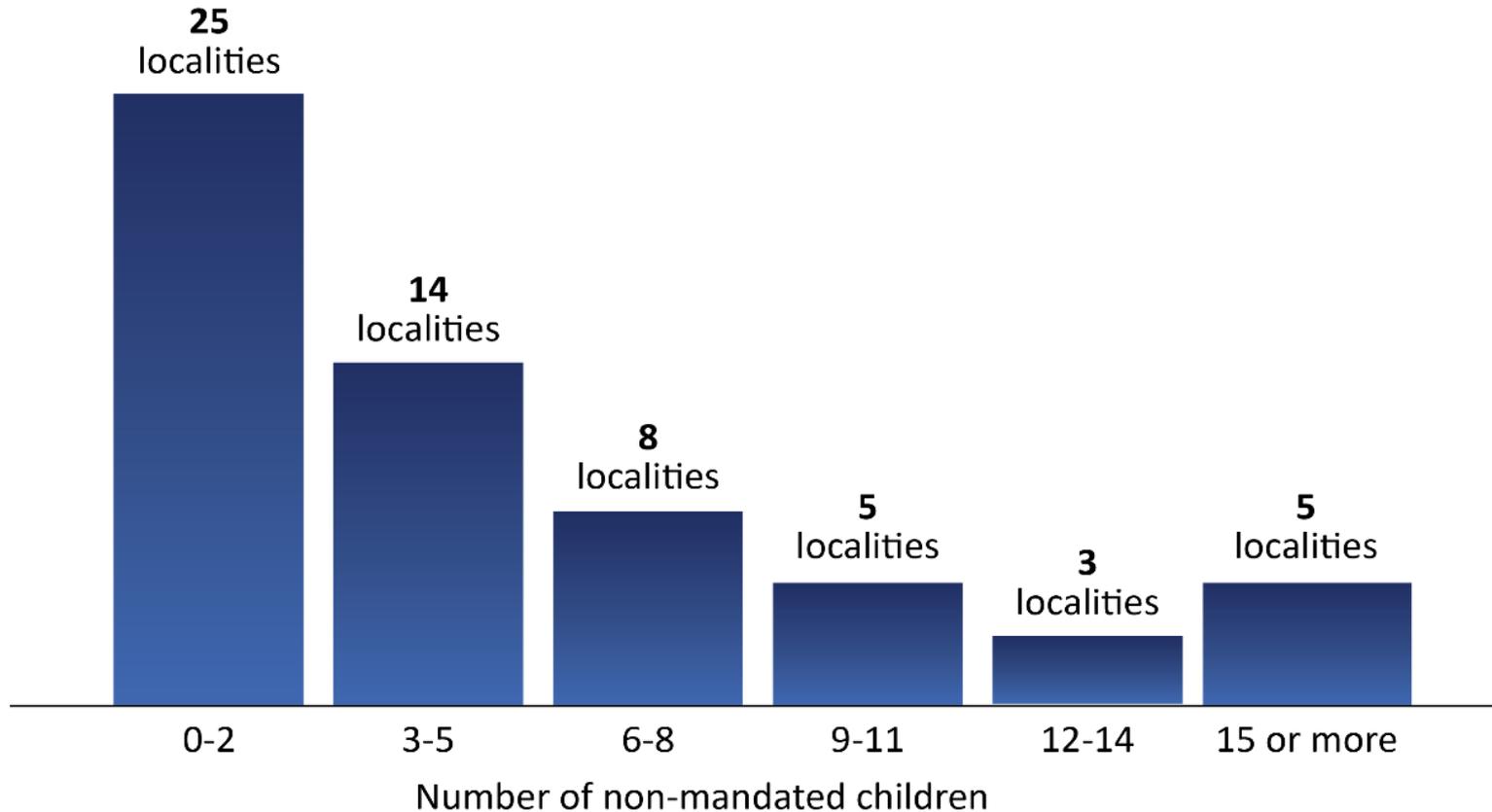
About half of localities did not serve non-mandated children in 2019



Serving non-mandated children prevents their needs from escalating and is relatively less costly

- 2/3 of CSA coordinators in programs serving non-mandated children reported that services can prevent children's needs from escalating
- CSA programs spend less per child on services for non-mandated children than mandated children
 - \$5,400 non-mandated vs. \$7,000 – \$22,000 mandated
- JLARC estimates that serving all non-mandated children would result in an additional 350 children served in 60 additional localities at a cost of \$1.3 million to the state

Majority of localities would enroll five or fewer children if required to serve non-mandated youth



Recommendation

The General Assembly may wish to consider amending the Code of Virginia to require all local CSA programs to serve children who meet criteria for the “non-mandated” eligibility category.

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Office of Children's Services is responsible for supervising CSA program administration

- Code of Virginia lists specific duties of OCS
 - Management and oversight of CSA funds
 - Provide training
 - Collect performance data
 - Maintain a list of child service providers and their rates
- OCS has 14 staff and a budget of about \$2M
- Executive director is hired by the State Executive Council

Finding

OCS does not have sufficient authority to supervise local CSA programs and ensure their effectiveness.

Local programs could operate more effectively with an enhanced OCS role

- Some local programs view their responsibility as limited to paying for services, rather than ensuring that services are appropriate and effective
 - *“Agencies...can sometimes look to CSA as only a means of funding, rather than an opportunity to provide assessment and planning for youth and families.”* – CSA coordinator
 - *“The biggest difference [between more and less successful programs] is when localities are invested in CSA as a program, not a funding stream.”* – OCS staff

Code of Virginia does not give OCS sufficient responsibility for ensuring program effectiveness

- Code does not require OCS to regularly monitor or ensure program performance
 - Only requires OCS to develop guidelines, training, and performance measures for local operations
- OCS audits localities every three years, but audits do not assess how effectively a program is administered
- Local programs experience challenges in making their programs effective and would like clearer OCS guidance

Recommendations

The General Assembly may wish to consider

- directing the Office of Children's Services (OCS) to provide for the effective implementation of the Children's Services Act program in all localities
- directing OCS to develop and submit a robust plan to modify its staffing and operations to ensure effective local administration of CSA

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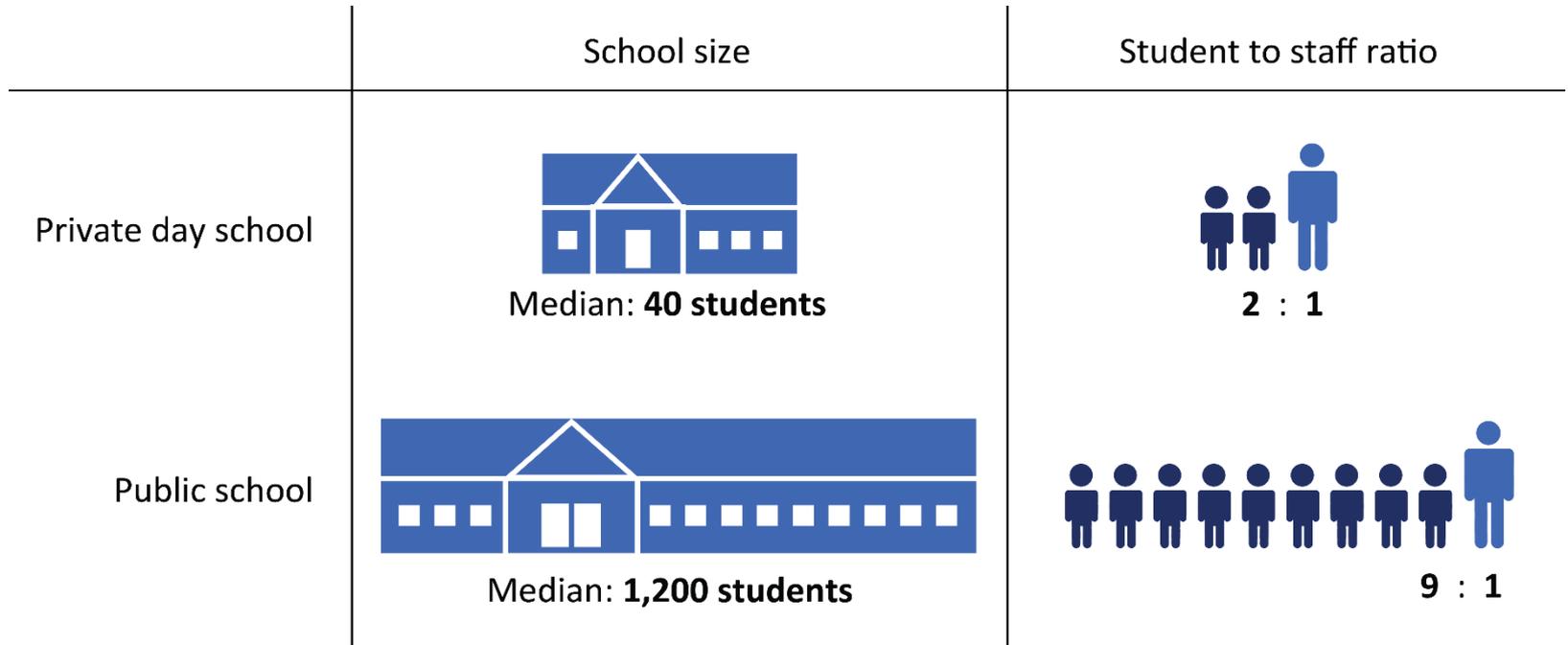
Alternative approaches to using CSA funds for students with disabilities

Private day school performance and standards

Private day schools play a valuable role in special education

- Children placed in private day schools typically exhibit challenging behaviors, such as:
 - Disruption (banging, kicking or throwing objects, yelling, or crying)
 - Running away
 - Incontinence
 - Self injury and/or physical aggression toward staff or classmates
 - Property destruction
 - Threatening behavior

Private day schools are smaller and have more staff per student than public schools



NOTE: Staff include all student support staff including teachers, classroom aides, counselors, administrators, and other school personnel who work directly with students.

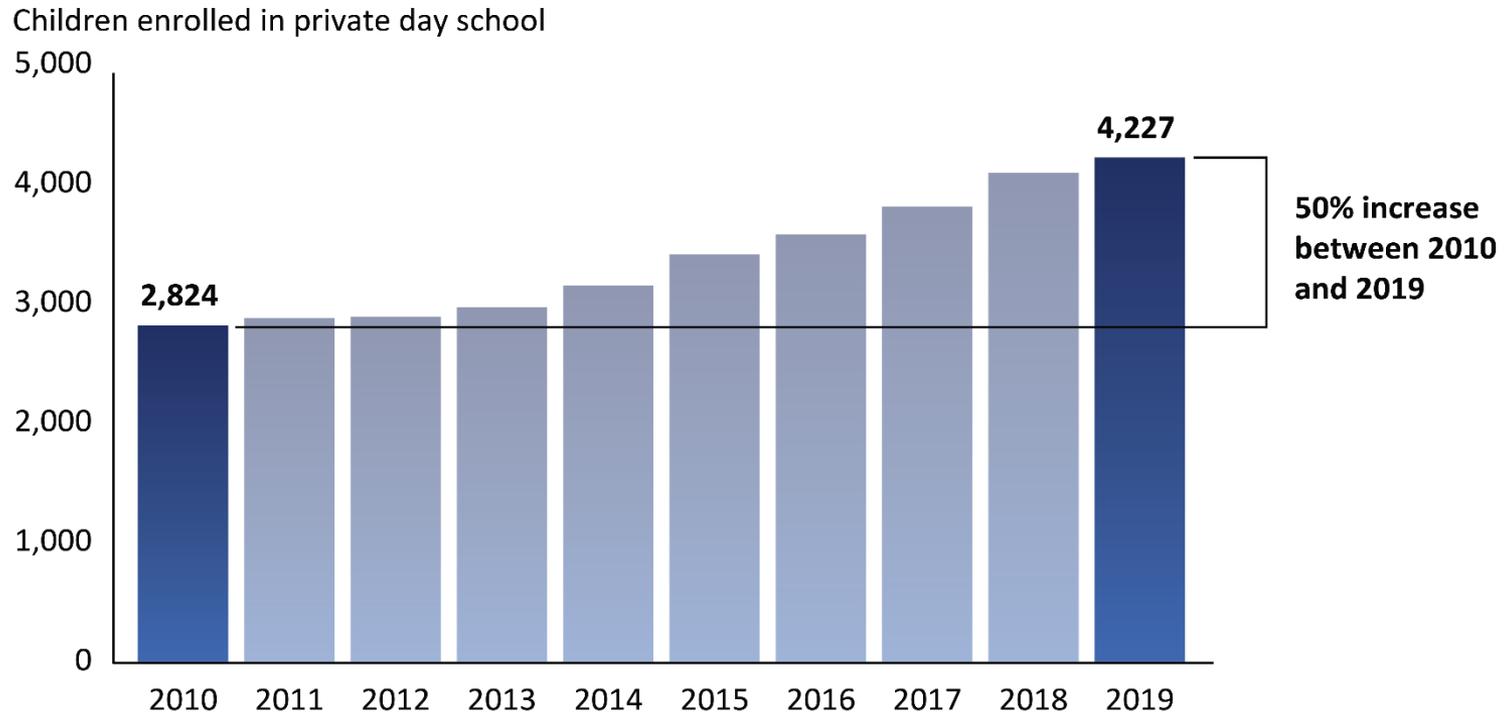
Finding

Rising private day school spending is explained by increasing enrollment, increasing tuition, and greater use of services.

Three factors contribute to private day annual spending increases between 2010 and 2019

Reason for increased spending in private day school	Amount of increase (\$ millions)

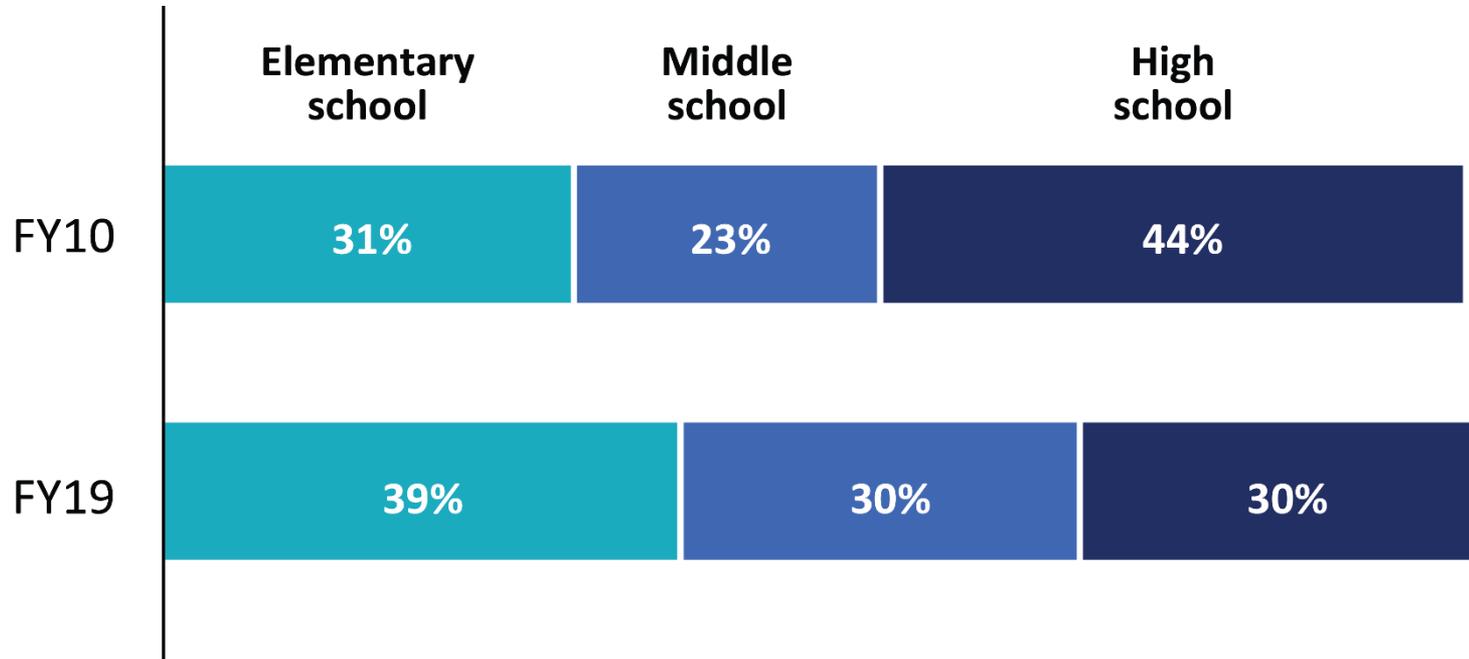
Private day school enrollment increased 50 percent between 2010 and 2019



Prevalence of conditions associated with challenging behaviors has increased

- Percentage of children receiving CSA services who reported having experienced trauma increased by 20 percent (2010–2019)
- Prevalence of autism has increased by 60 percent, from 1 out of 88 children to 1 out of 54 children (2008–2016)
- Prevalence of behavior and anxiety problems doubled (2007–2018)

Children are being placed in private day school at younger ages

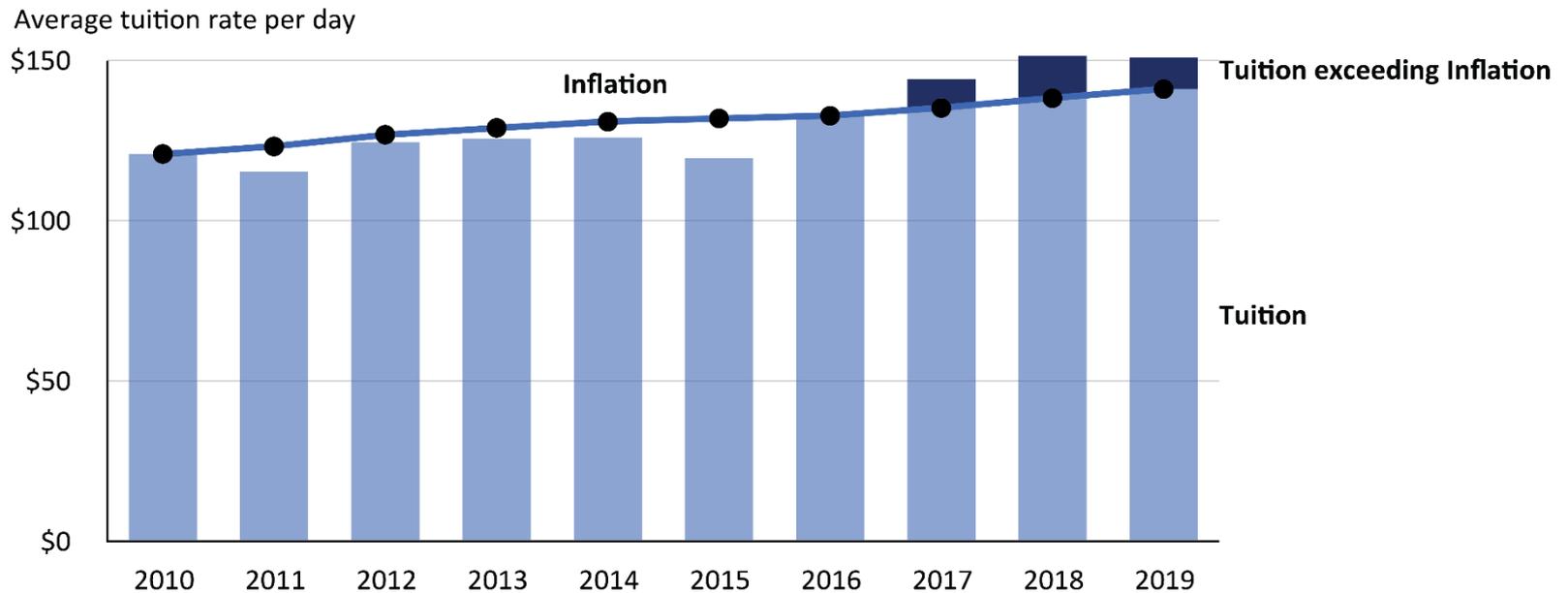


Younger children tend to stay in private day school longer than older children

	Less than 1 year	3 years or more
Elementary school	18%	54%
Middle school	26%	42%
High school	46%	13%

NOTE: Figures do not add because of rounding and do not include children placed in private day school for more than 1 year and less than 3 years.

Tuition rate increases began exceeding inflation in 2017



NOTE: Tuition rates reflect a combination of rates charged for private day school tuition and rates charged for related services that students receive during their school day, such as one-on-one aides or speech therapy. OCS data system did not allow for separating these costs out from tuition prior to 2017.

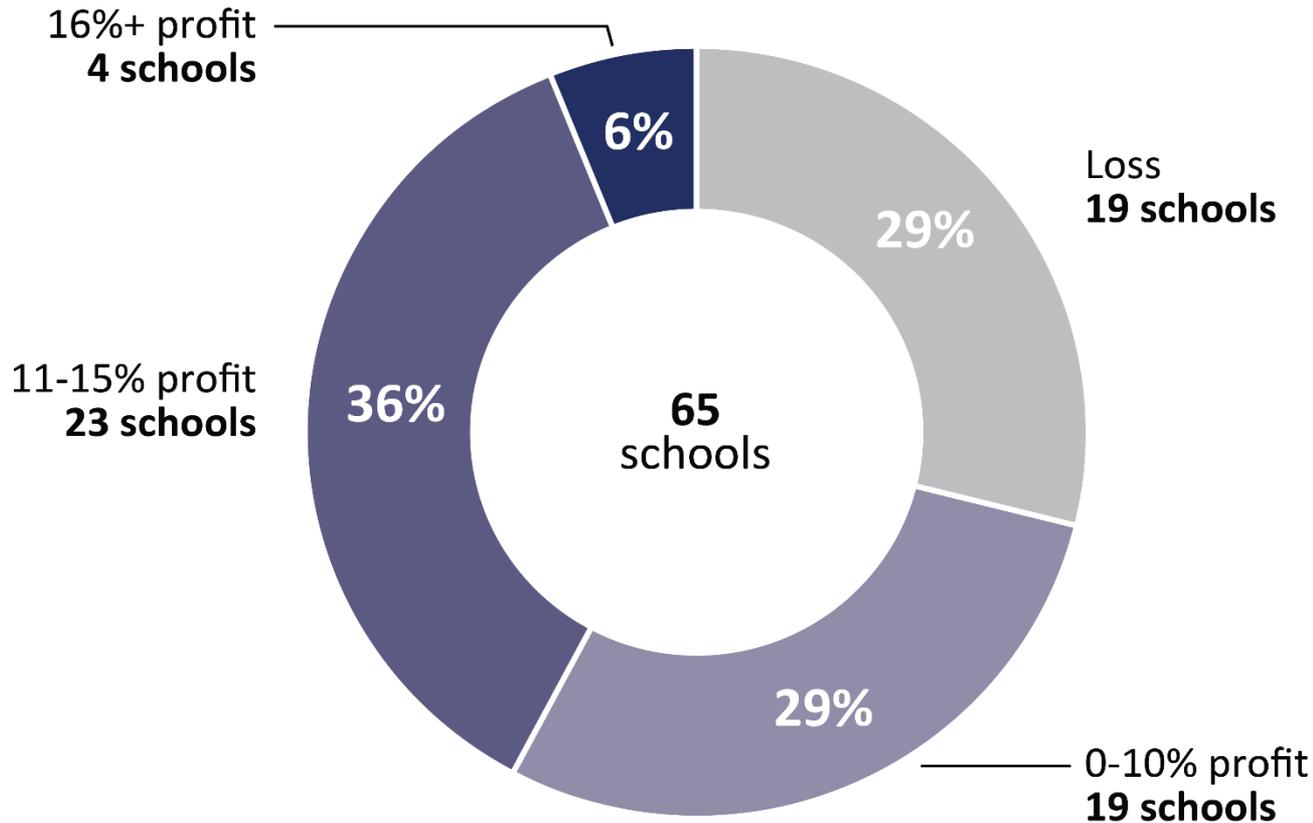
Finding

Tuition rates generally reflect private day school costs.

Staffing is the largest expense for private day schools

- Tuition rates charged by private day schools can vary widely, ranging from \$22,000 to \$97,000 per year with a median of \$54,000 per year
- Primary expense for private day schools is staffing—median school spends 74 percent of its revenue on staffing costs
- Median school maintains a ratio of 1.9 students per staff member
- Over 40 percent of the staff employed by private day schools are in-class aides and assistants

Majority of schools reporting data earned a profit of 10 percent or less, with many reporting losses



NOTE: Based on private day schools that provided information to JLARC's finance and tuition questionnaire. Sixty-eight (68) private day schools responded to the questionnaire, but only 65 provided enough information to estimate their profit levels.

There is little transparency into private day school tuition and fees

- OCS does not validate information submitted to its online directory of providers and fees
- Online directory does not allow users to easily compare provider rates or how rates change over time
- Market competition among schools can discourage schools from publishing details about their operations

Rate setting unlikely to reduce tuition rates

- Virginia's private day school tuition rates are similar to other states (PA and MD) that exert more control over tuition rates
- Rate-setting process would have resulted in higher rates than what were paid in years when increases were less than inflation
- Enrollment is the largest driver of spending increases, not changes in tuition rates

Recommendations

The General Assembly may wish to consider requiring the development of a standardized reporting process and template for private day school tuition rates to ensure rates can be compared across schools and over time.

The General Assembly may wish to consider making the annual reporting of tuition rates charged by private day schools a condition for private day schools to receive state funds.

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Tying CSA funds to location of service delivery rather than the students' needs prevents some students from receiving services in the least restrictive environment.

State law prohibits the use of CSA funds on services delivered in public schools

- State law allows CSA funds to be spent on special education services only when they are delivered in a private day school setting
- Superintendent's memos issued in 2010 and 2011 reiterated the prohibition against spending CSA funds on services in public schools
 - Spending on private day school has been increasing since 2010

CSA funds cannot be spent on services delivered in a public school

- Services delivered in public school must be paid for with federal funds or state/local special education funds
- Federal and state special education funds have declined, while the number of special education students has increased

Virginia places more students in private day school than may be necessary

- Virginia places 4.6 percent of students with disabilities in out-of-school placements, a larger proportion than 37 other states and more than its goal (2.5 percent)
- Approximately 10 percent of children placed in private day school did not have any moderate or severe needs and could likely be served in less restrictive settings
- *“It seems odd to pay private providers to do the work that should be provided by the public system if funding and support from DOE were available.” – CPMT chair*

Inability to use CSA funds in public schools prolongs stays in private schools

- Some students could be transitioned back to public school sooner, but services to bridge the two settings are expensive and must be paid for by the public school
- Median length of stay in private day schools is two years
 - More than 20% of students stay 4 years or longer
- *“Once a student is placed at a private day school, it is often difficult to return them to a public school, even when the student is ready. The ability to contract with a private provider in a public school classroom would be an important transition step.” – CPMT chair*

Recommendations

The General Assembly may wish to consider allowing funds currently reserved for children requiring placement in a private special education day school to pay for

- intensive services delivered in a public school setting to prevent placement in private day school
- services delivered in a public school setting to help students transition from a private day school back to public school

Finding

Private day school costs are driving CSA program spending, but OCS and CSA have no authority to oversee school placements, quality, or operations.

School divisions, not local CSA programs, are responsible for students in private day schools

- School placement decisions are finalized before the cases go to CSA
- CSA program has no legal authority to influence the decision to place a child in private day school or to transition a child back to public school
- CSA acts only as a funding source for private day schools
- Few children placed in private day school receive any other CSA-funded services

VDOE, not OCS, has oversight responsibility for private day schools

- VDOE inspects and licenses private day schools
- Appropriation Act directs VDOE to collect and publish performance measures for private day schools
- OCS has no statutory or regulatory responsibility for overseeing quality or operations of private day schools

Recommendation

The General Assembly may wish to consider transferring funds currently reserved for children requiring placement in a private special education day school to the Virginia Department of Education (VDOE) effective July 1, 2022 and directing the VDOE to develop a detailed plan to administer this funding by November 1, 2021.

Transferring funds to VDOE requires several programmatic considerations

- What criteria should be used to establish eligibility for funds?
 - Cost of services
 - Severity of the child's disability
 - Nature of the child's disability
- How should funds be spent on special education services?
 - Stand-alone program at VDOE to fund services for students with intensive needs
 - VDOE's regional tuition reimbursement program

Transferring funds to VDOE requires several programmatic considerations (cont'd)

- Should funds remain sum-sufficient?
 - *Continuing* sum-sufficiency guarantees all children with intensive needs will be served but risks spending increases
 - *Eliminating* sum-sufficiency controls spending increases but risks underserving children
- What state-local match rate should apply?
 - Current CSA state-local match rates
 - Composite index
 - New state-local matching structure

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Finding

Public schools are subject to more comprehensive requirements than private day schools for some aspects of performance and operations.

Several important aspects of school performance are not reported by private day schools

- Teacher quality
 - Number of (i) provisionally licensed teachers, (ii) teachers with less than 1 year of experience, (iii) teachers not fully endorsed in the subject they are teaching
- Academic quality
 - Accreditation status and progress on standardized tests
- College and career readiness
 - 4-year graduation rate and career and technical education credits earned by students

Recommendation

The General Assembly may wish to consider directing VDOE to collect and publish additional data about private day schools to create more complete school quality profiles that are comparable to public schools

Key findings

CSA services benefit majority of children, and more children could be served through the program.

Office of Children's Services does not have sufficient authority to ensure effective program implementation.

CSA role in private special education day school services is only to pay for them, but private day school is driving spending growth.

Preventing CSA funds from being spent on services delivered in public schools, and maintaining the funds in the CSA program, prevents these funds from being used and managed effectively.

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