

REPORT ON  
CHILDREN'S SERVICES ACT  
SPECIAL EDUCATION  
PRIVATE DAY PLACEMENTS

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House Appropriations and Senate Finance Committee Staff  
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## **Background**

The 2017 Appropriation Act (Chapter 836, 2017 Acts of Assembly, Appendix A) directed the staff of the House Appropriations and Senate Finance Committees to facilitate a workgroup with various state agencies to examine options and determine necessary actions to manage the quality and costs of private day educational programs funded through the Children's Services Act (CSA). Other stakeholders would be included as needed to provide additional information to workgroup. The workgroup was specifically directed to review the following options:

- 1) The transfer of the CSA funding pool for private day education to the Department of Education;
- 2) Identification and collection of data to assess private day placements;
- 3) Identification of resources for transition of students from private day placements to a less restrictive environment;
- 4) Assessment of the role of Local Education Agencies regarding placements, effectiveness, quality, costs and measuring outcomes of private day education programs; and
- 5) An assessment of the Individual Education Plan (IEP) process with regards to private day placements.

The workgroup was directed to specifically examine funding impacts and any other changes necessary to implement recommended actions and to provide a report with preliminary findings and recommendations to the Chairmen of the House Appropriations and Senate Finance Committees.

## **Recent Studies**

During 2014 and 2015, the Virginia Commission on Youth conducted a two-year study of the use of federal, state, and local funds for the public and private educational placements of students with disabilities. This study was a result of House Joint Resolution 196 passed in the 2014 General Assembly Session. The Commission was directed to:

- 1) Examine the use of CSA and Medicaid funds for private day and private residential placements for children with disabilities;
- 2) Collect local and statewide data on the number of students that are segregated from nondisabled students; and
- 3) Determine the feasibility and cost-effective alternatives for integrating more children with disabilities into less restrictive settings with non-disabled students.

The first year of the Commission's study focused on research and understanding the issues. The second year included input from an advisory group of stakeholders. The Commission's final report contained a variety of recommendations related to the need to develop measures to track the progress and achievement of students enrolled in special education private day schools and to improve the process to integrate students back into their home schools. The interim and final reports can be found on the Commission's website at [vcoy.virginia.gov](http://vcoy.virginia.gov) (look under the "Reports" section for the year 2015: reference document numbers HD9 and HD14).

In 2016, the State Executive Council (SEC), which administers the CSA program was directed in the 2016 Appropriation Act (Chapter 780, 2016 Acts of Assembly) in Item 285 M to review and develop a robust set of options for increasing the integration of children receiving special education private day treatment services into their home school districts, including mechanisms to involve local school districts in tracking, monitoring and obtaining outcome data to assist in making decisions on the appropriate utilization of these services. A stakeholder workgroup met several times during 2016 to discuss and consider options. The SEC made specific recommendations in four general areas:

- 1) Restructuring the funding of special education services between agencies;
- 2) Developing consistent measurable outcomes for students in private day placements;
- 3) The successful transition of students with disabilities from private to public settings; and
- 4) Improving the ability of public schools to better serve students with disabilities in the least restrictive environment.

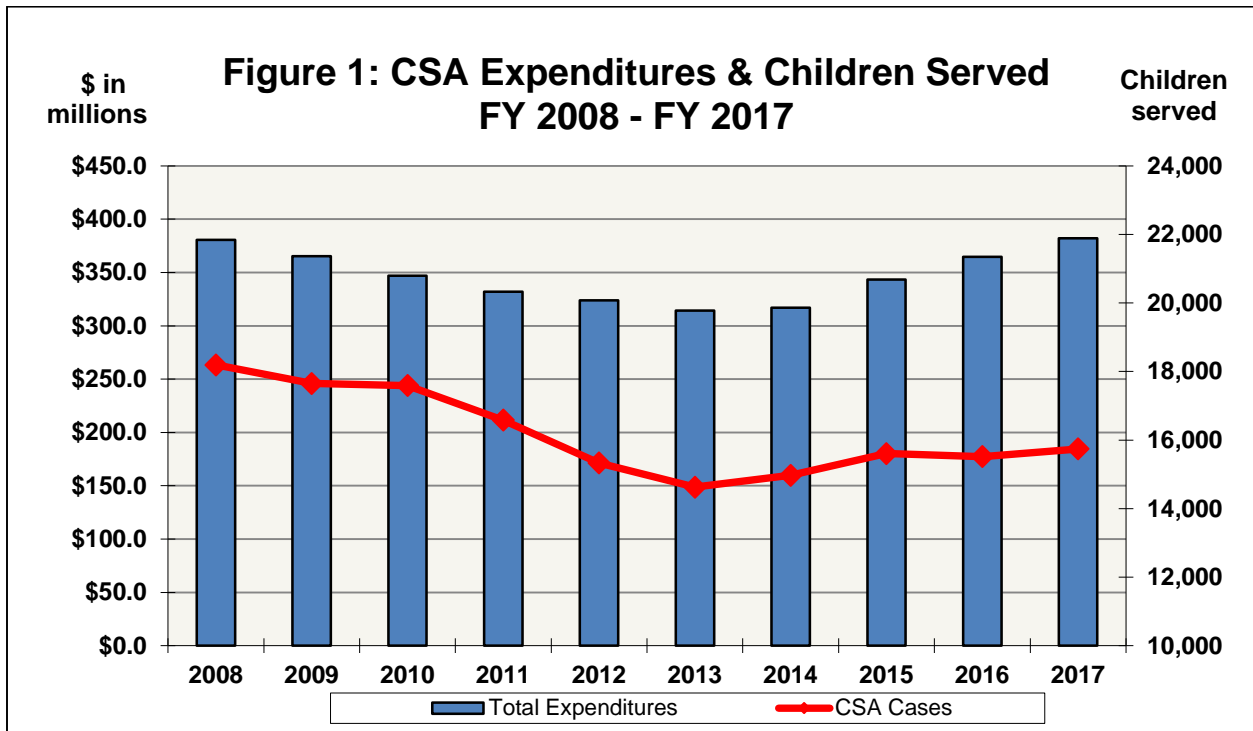
Details of this report can be found on the Legislative Information System under “Reports to the General Assembly” (Report Document 429 published in 2016) or <https://rga.lis.virginia.gov/Published/2016/RD429>.

### **Issue**

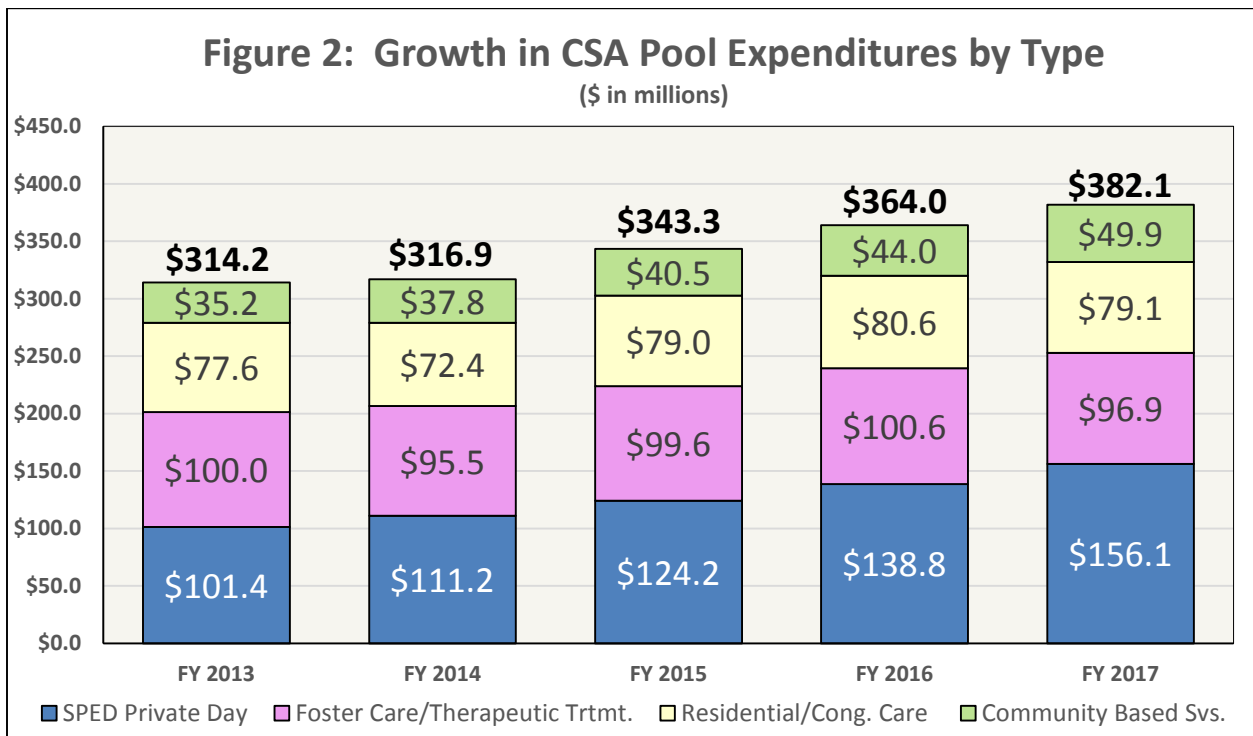
The Children’s Services Act (previously known as the Comprehensive Services Act for At Risk Youth and Families) was created by the General Assembly in 1992 to better serve children with emotional and behavioral problems who were served through multiple agencies and funding streams. The purpose of the program was to eliminate fragmentation and develop a coordinated system of treatment through a collaborative local process that focuses on the emotional, behavioral and social needs of children. Localities are mandated to serve eligible children receiving special education, foster care or who require mental health services to avoid placement in foster care.

The CSA program has been studied many times over the years as concerns surfaced over rapidly growing costs, the appropriate placement of children in CSA, the proper mix of community and institutional services, and the structure and staffing of the Office of Comprehensive Services. A number of these studies specifically focused on CSA residential services, a more costly component of the program which had been growing rapidly over the years.

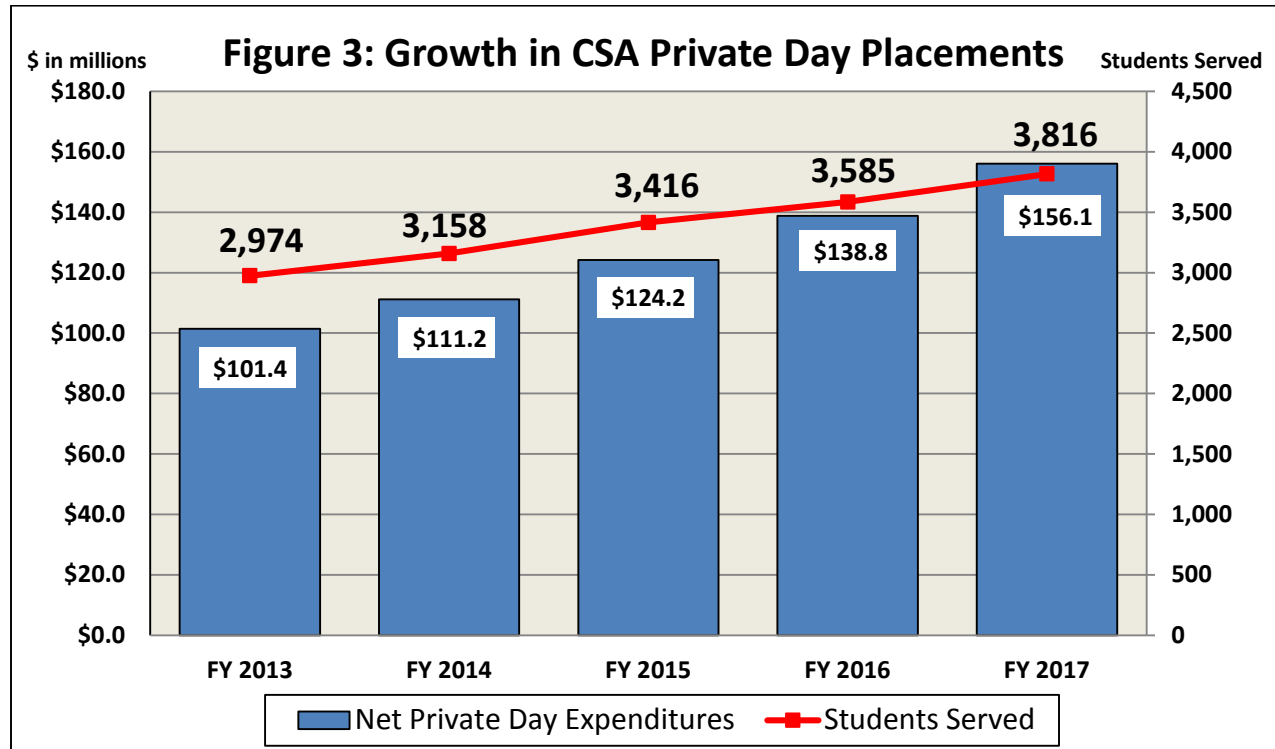
A number of policy actions were taken in the 2000s to better serve children in CSA and better manage costs. Costs and the number of children served through the CSA declined from FY 2008 until FY 2013. However, since 2013 program costs and the number of children in CSA have increased. By FY 2017, the costs of the program increased by almost 22%, while the number of children served in CSA increased by 7.6 percent (Figure 1).



More recently, concerns have focused on the provision of special education private day services which have increasingly risen disproportionately in terms of expenditures and number of children served. Special education private day placements now account for 41 percent of total CSA expenditures, up from 32 percent in FY 2013 (up from 11 percent almost 20 years ago in FY 1998). At the same time, residential/congregate care and foster care/therapeutic treatment have decreased as a percentage of total CSA expenditures (Figure 2).



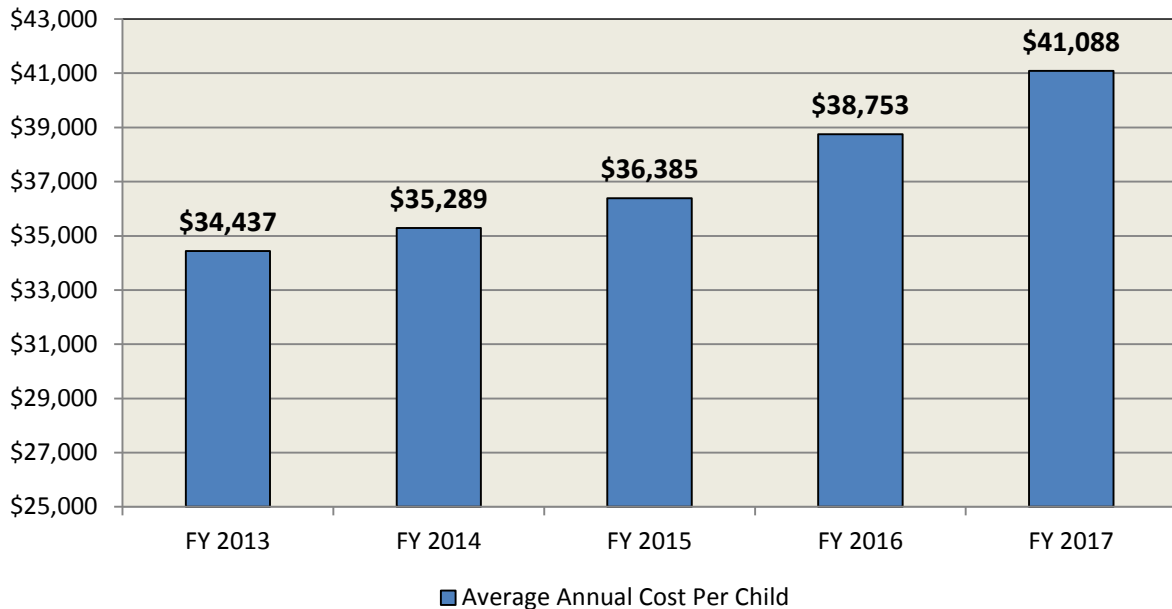
Rising CSA costs appear to be driven by an increasing number of special education children placed in private day facilities when Individualized Education Program (IEP) plans are developed or revised. Expenditures for CSA private day placements have significantly increased by 54 percent from FY 2013 to FY 2017, from \$101.4 million to \$156.1 million. This represents a compounded annualized growth rate of 11.4 percent. At the same time, the number of students in private day school placements has increased by 28 percent from 2,974 to 3,816 (Figure 3), a compounded annualized growth rate of 6.4 percent.



In addition to the increase in the number of children in private day placements, average annual CSA private day expenditures per child have increased from \$34,437 in FY 2013 to \$41,088 in FY 2017 (Figure 4), which is a 19.3 percent increase in costs. In contrast, the average annual cost for all CSA services was \$24,274 in FY 2017. This combination of the growth in the number of students and average cost per child served has resulted in a significant impact on CSA expenditures.

As previously mentioned there have been prior studies of the issue from 2014 through 2016. This workgroup is tasked with taking all the work that has been done so far and filling in any gaps in information to report back on specific funding options and other changes necessary to implement options available to ensure appropriate use of private day placements and also to assist local school divisions better serve children in integrated settings.

**Figure 4: Average Annual CSA Expenditure per Child in Private Day Placements**



### **Research Activities**

The workgroup has conducted site visits, literature reviews, interviews with stakeholders, and analyzed expenditure and participation data from August through October 2017 to address the study mandate. In addition, staff have reviewed past CSA studies, Virginia Department of Education (VDOE) special education program information, limited information from other states, and VDOE Superintendent Memos pertaining to CSA and CSA program information.

During its research, the workgroup formulated a number of questions to be addressed during this review. However, many of these remain unresolved.

- What are the current trends in enrollment and costs of CSA special education private day placements across the Commonwealth and regionally?
- What variables influence enrollment statewide and regionally?
- What are the characteristics of children placed in special education private day treatment?
- What variables influence cost of services?
  - Are the rates paid for special education private day treatment reflective of fair and reasonable costs incurred?
- To what extent have the recommendations from the Virginia Commission on Youth report, “The Use of Federal, State and Local Funds for Private Educational Placements of Students with Disabilities” related to the effectiveness of CSA-funded special education

private day programs been addressed by the Virginia Department of Education and the Office of Children's Services?

- How are CSA funds used to support children who receive special education services, including special education private day services and wrap-around services?
  - What limits are placed on the use of CSA funds to support children who receive special education services in private day schools?
  - What limits are placed on the use of CSA funds to support children receiving special education in more integrated settings?
  - Are there distinct approaches that should be explored for children with autism spectrum disorders?
  - Is additional training and specialized staff needed to for schools to appropriately handle particular behavioral and physical issues?
- Can CSA-funded special education private day services be measured and validated to determine adequate achievement of the goals set forth in student Individualized Education Plans?
- What data are collected and reported?
- What barriers exist to prevent the collection and analysis of outcome measures for these services?
- What is the role of the state and local CSA programs, DOE and LEAs in requiring and collecting data on outcomes from special education private day providers?
- Can outcomes be centrally tracked to inform parents, the Office of Comprehensive Services, local CSA coordinators, DOE, and local schools on a child's progress and effectiveness of placements?
- What steps can the Commonwealth take to ensure the most effective and efficient use of state funding provided for CSA private day placements?
- Should CSA services and funding be rebalanced to better serve children in special education and their families?
- Should funding be moved to DOE, since CSA cannot impact local IEP placement decisions?

### **Recommendation**

Staff recommends that the workgroup be continued through 2018 in order to formulate meaningful recommendations on this issue.

## **Appendix A**

### **Chapter 836, 2017 Acts of Assembly, Item 1, Paragraph T 5 Workgroup on Private Day Educational Program Options**

5.a. The staff of the House Appropriations and Senate Finance Committees shall help facilitate the scope of work to be completed by the Joint Subcommittee for Health and Human Resources Oversight.

b. The staff of the Health and Human Resources and Elementary and Secondary Education Subcommittees for the House Appropriations and Senate Finance Committees shall facilitate a workgroup, in cooperation with the Office of Children's Services (OCS), the Virginia Department of Education (VDOE), the Department of Planning and Budget, the Department of Social Services, and the Department of Juvenile Justice, to examine the options and determine the actions necessary to better manage the quality and costs of private day educational programs currently funded through the Children's Services Act (CSA). Other stakeholders, such as those from local governments, school superintendents or their designees, CSA Community Policy and Management Teams and Family Assessment and Planning Teams, special education administrators, private providers, parents of special education students and others may provide additional information to the workgroup as requested.

c. In examining the options, the workgroup shall consider: (i) amending the CSA to transfer the state pool funding for students with disabilities in private day educational programs to the VDOE; (ii) the identification and collection of data on an array of measures to assess the efficacy of private special education day school placements; (iii) the identification of the resources necessary in order to transition students in private day school settings to a less restrictive environment; (iv) the role of Local Education Agencies in determining placements and overseeing the quality, cost and outcome of services for students with disabilities in private day educational programs; and (v) an assessment of the Individualized Education Program (IEP) process as compared to federal requirements, including how that process relates to the role of CSA Family Assessment and Planning Team (FAPT) in determining services for students with disabilities whose IEP requires private day educational placement.

d. The workgroup shall examine: (i) funding impacts; (ii) necessary statutory, regulatory or budgetary changes; and (iii) other relevant actions necessary to implement any recommended actions. A report on any preliminary findings and recommendations shall be submitted to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2017.