

OFFICE OF CHILDREN'S SERVICES

ADMINISTERING THE CHILDREN'S SERVICES ACT



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

IMPACT OF TIERED MATCH RATES FOR CSA

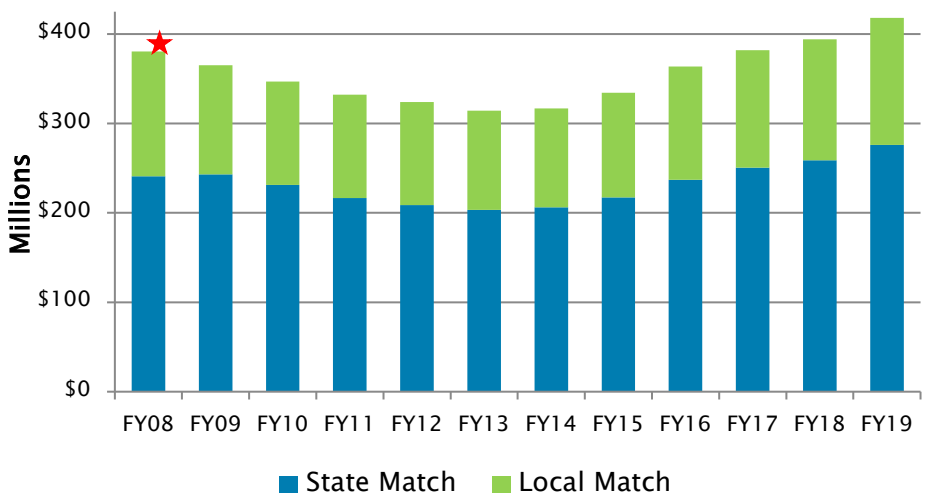
*Annual Report to the Governor and General Assembly, December 2019
In accordance with the Appropriation Act Chapter 854 Item 282 (C)(3)(c)*

As established through the Appropriation Act, funding services to children and families under the Children's Services Act (CSA) is a shared responsibility of state and local government. Effective July 1, 2008, a three-tiered, "incentive-based" match rate system was implemented to encourage practice changes to reduce utilization of residential care, increase children served in their homes, and encourage investment of funds in community based services. This policy-driven match rate model encourages 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.

The CSA established unique, locality-specific base match rates (pre-2008). Under the tiered ("incentive") match rate 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. The local base match rates range from 16.9% to 53.09%. The average local base match rate is 32.99%.

Total Net Expenditures for the Children's Services Act



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

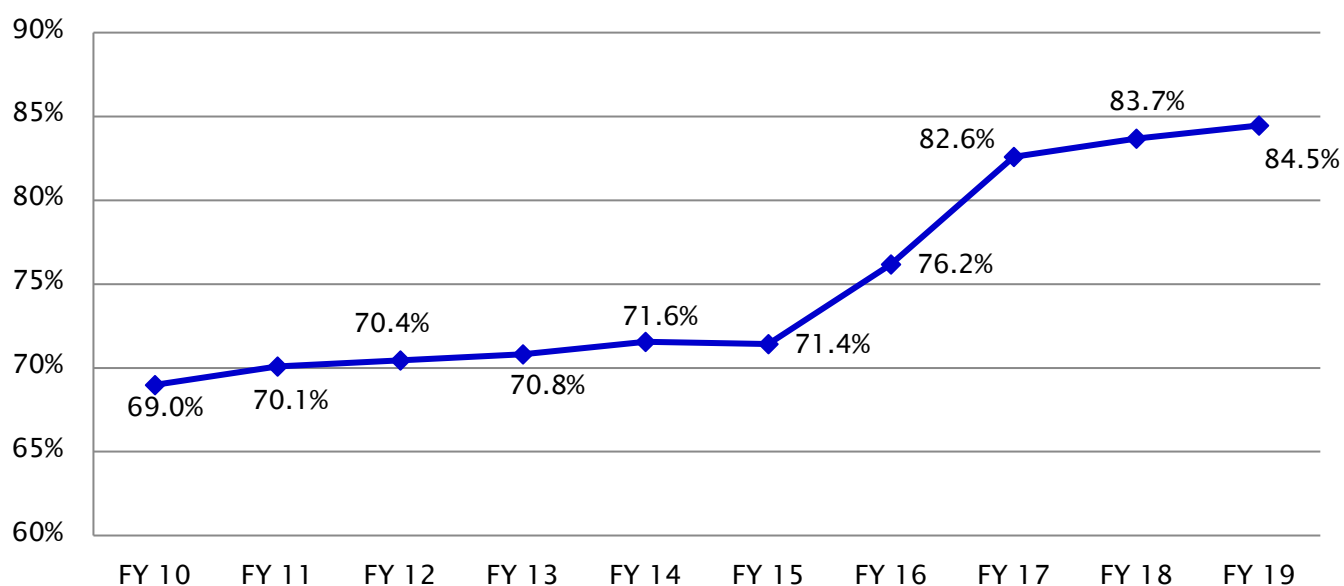
Effective (Actual) Match Rates (Statewide Average)

| | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Effective Local Match Rate | 33.3% | 34.8% | 35.5% | 35.3% | 34.9% | 34.9% | 34.8% | 34.4% | 34.3% | 34.0% |
| Effective State Match Rate | 66.7% | 65.2% | 64.5% | 64.7% | 65.1% | 65.1% | 65.2% | 65.6% | 65.7% | 66.0% |

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

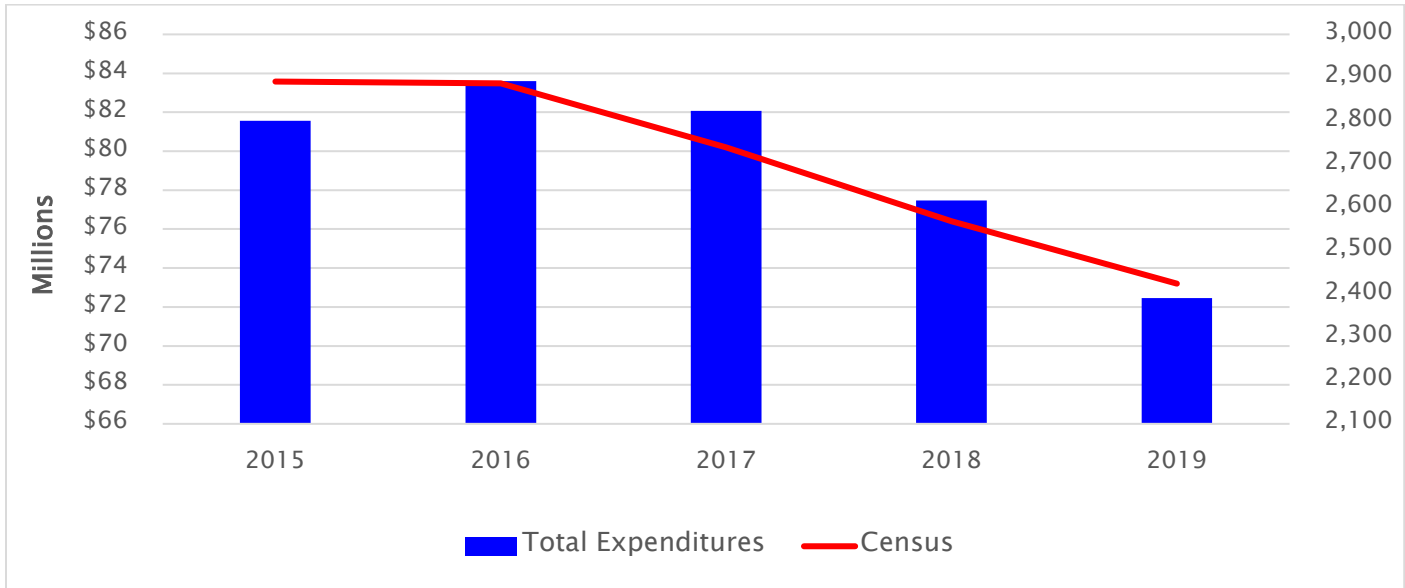
Impact of the Tiered (“Incentive”) Match Rate Model

Percent of Youth Served Only in Community-Based Settings (FY2010–FY2019)



This chart reflects percentage of youth in the total CSA census for the year who have been served only within their families and communities (i.e., have not required a congregate care placement). In the current year’s report, community-based foster care placements have been included as a community-based placement and data from all prior years has been recalculated to reflect this change.

Congregate Care Expenditures and Census (FY2015 – FY 2019)



Discussion

The intention of the tiered match rate system was two-fold. First was to utilize 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. As seen in the chart *Impact of the Tiered (“Incentive”) Match Rate Model (FY2010 – FY 2019)*, over the past ten years (FY2010 – FY2019), this goal has been increasingly realized with a 15 percent increase in the number of children served through the Children’s Services Act who did not experience any congregate care placements. As residential placements are typically among the costlier of services funded through the CSA (second to private day special education placements), an associated goal of the tiered match rate system was to control CSA expenditures that had grown to their highest historical point in FY2008. In the years immediately following the implementation of the tiered match rates, overall CSA expenditures did fall significantly. Beginning in FY2015 that trend reversed with overall CSA annual expenditures rising, as can be seen in the chart *Total Net Expenditures for the Children’s Services Act*. However, in contrast to the overall expenditure trend, beginning with FY2017 and continuing into FY2019, CSA residential expenditures are once again declining at a noticeable rate. In FY2019, expenditures for children in congregate care services declined by 13 percent from their recent highest levels in FY2016 and the number of children declined by 16 percent. This can be seen in the chart, *Congregate Care Expenditures and Census (FY2015 – FY 2019)*.

The increase in the effective state (vs. local) match rate is reflective of the declining use of congregate care services which carry the higher local match. The reason the effective local match has not declined further is 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, therefore creating less variability in the effective state vs. local match rates. Any utilization of fiscal incentives to impact special education placements would not be permissible under the federal Individuals with Disabilities Education Act (IDEA).

The tiered match rate model appears, within the limits it operates under, 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.