



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

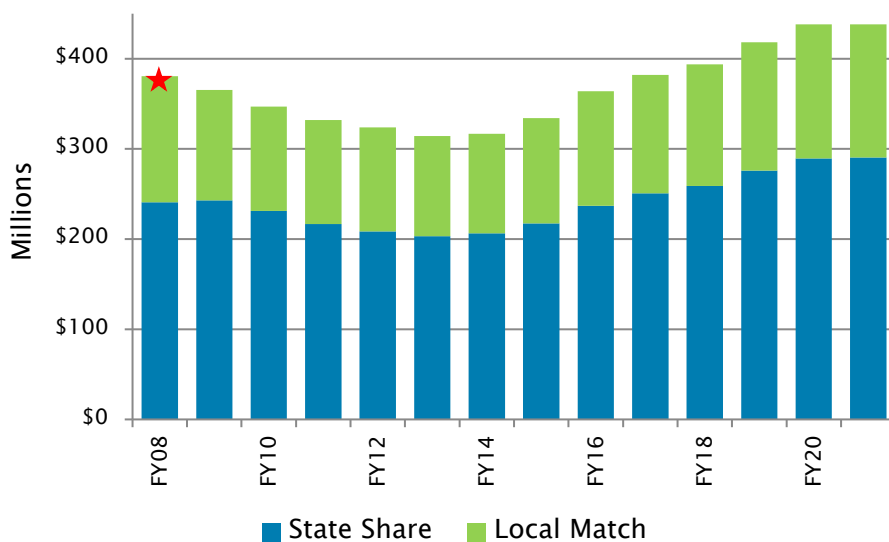
Annual Report to the Governor and General Assembly, December 2021
In accordance with the Appropriation Act Chapter 552 Item 292 (C)(3)(c)

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 General Assembly implemented a three-tiered, "incentive-based" local match rate model to encourage reduced utilization of residential care, increase children served in their homes, and investment 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, unique base match rate for each locality. 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%. 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

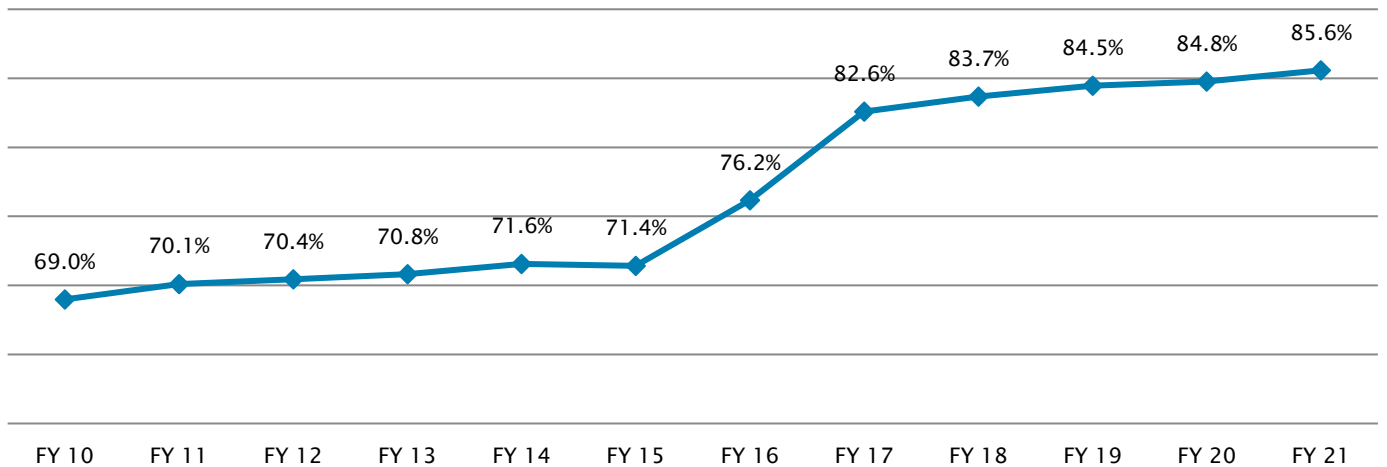
Effective (Actual) Match Rates (Statewide Average)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Effective Local Match Rate	35.5%	35.3%	34.9%	34.9%	34.8%	34.4%	34.3%	34.0%	34.0%	33.8%
Effective State Match Rate	64.5%	64.7%	65.1%	65.1%	65.2%	65.6%	65.7%	66.0%	66.0%	66.2%

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.

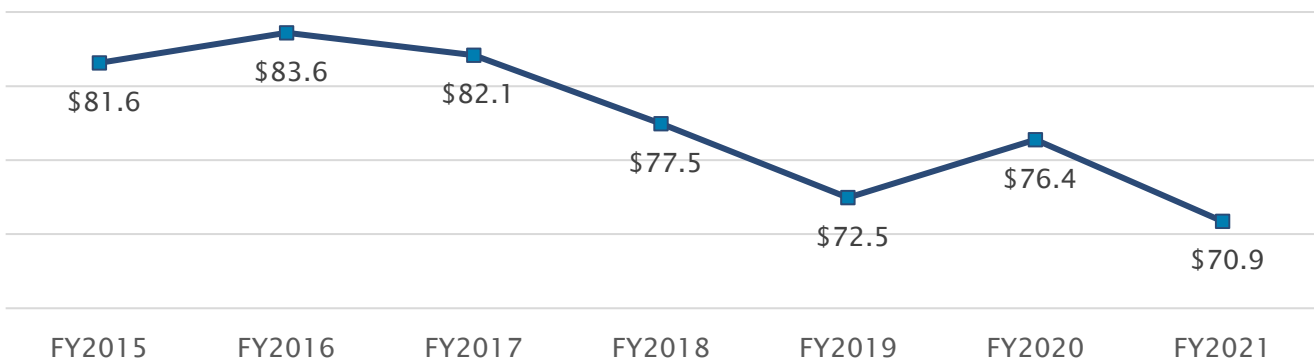
Impact of the Tiered ("Incentive") Match Rate Model

Percent of Youth Served Only in Community-Based Settings (FY2010 - FY2021)



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) (FY2015 - FY2021)



Discussion

The intention 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 (FY2010 - FY 2021)* illustrates that this goal has been increasingly realized. Over the period shown, there has been a 16.6 percent increase in the proportion of 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. It is impossible to attribute this decrease directly to the match rate model, as this period coincided with the 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 FY2021, 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 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.