



Auxiliary Grant Program

Report to

**Chairman of the House Appropriations Committee
Chairman of the Senate Finance and Appropriations Committee
Director of the Department of Planning and Budget**

**Virginia Department for Aging
and Rehabilitative Services**

**Commonwealth of Virginia
Richmond**

September 1, 2025



COMMONWEALTH OF VIRGINIA
DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES

KATHRYN A. HAYFIELD
Commissioner

8004 Franklin Farms Drive
Henrico, VA 23229

Office (804) 662-7000
Toll free (800) 552-5019
TTY Toll free (800) 464-9950
Fax (804) 662-7644

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MEMORANDUM

TO: The Honorable Louise Lucas
Chairman, Senate Finance and Appropriations Committee

The Honorable Luke Torian
Chairman, House Appropriations Committee

Michael Maul
Director, Department of Planning and Budget

FROM: Kathryn A. Hayfield *KAH*
Commissioner, Department for Aging and Rehabilitative Services

SUBJECT: Annual Report Auxiliary Grant (AG) Program

As Commissioner of the Virginia Department for Aging and Rehabilitative Services (DARS), I am pleased to present the AG program annual report in response to the 2025 Appropriations Act, Item 319 C of Chapter 725. The report highlights AG Program statistics, including information about AG supportive housing (AGSH), the number of individuals residing in this setting and a summary of AG Program oversight and monitoring activities. This report also provides a summary of State and Local Fiscal Recovery Funds (SLFRF) allocated through the American Rescue Plan Act to provide financial assistance to Assisted Living Facilities to improve air quality and environmental structure because of COVID-19.

If you have any questions about the report, please do not hesitate to contact me.

KH/thu

Enclosure

EXECUTIVE SUMMARY

The 2025 Virginia Acts of Assembly directed the Department for Aging and Rehabilitative Services (DARS) to develop an annual report on the Auxiliary Grant (AG) Program. Item 319C of Chapter 725 of the Acts of Assembly further states:

This report shall include an overview of the program as well as a summary of oversight activities and findings. In addition, the report shall include for each month of the previous fiscal year, the number of Auxiliary Grant recipients living in a supportive housing setting as well as the number of individuals receiving an AG supportive housing slot that were discharged from a state behavioral health facility in the prior 12 months.

The following report highlights AG Program statistics, including information about AG supportive housing (AGSH). The AG Program Consultant monitored ten local departments of social services during the year, conducted special request reviews of Richmond City, Chesapeake and Hampton County Departments of Social Services (DSS), and provided supplemental training to LDSS and AG providers. As of June 30, 2025, 87 individuals resided in AGSH, and the total discharges from the state hospital since inception is 20 individuals.

2025 AUXILIARY GRANT PROGRAM ANNUAL REPORT

Program Background

Section 51.5-160 of the Code of Virginia establishes the Auxiliary Grant (AG) Program and instructs the Commissioner of the Department for Aging and Rehabilitative Services (DARS) to prepare and implement a plan for a state and locally funded AG program to provide assistance to individuals ineligible for benefits under Title XVI of the Social Security Act and to other individuals for whom benefits provided under Title XVI of the Social Security Act are not sufficient to maintain the minimum standards of need.

The AG Program provides cash payments to Supplemental Security Income (SSI) recipients and other low-income aged, blind, or disabled adults who need assistance with activities of daily living and who reside in an assisted living facility (ALF), adult foster care (AFC) home or supportive housing (SH). AG payments are 80% state and 20% locally funded. Two DARS staff, the AG Program Manager and the AG Program Consultant, are responsible for statewide management of the AG Program. Eligibility workers in 120 local departments of social services (LDSS) determine individuals' eligibility for assistance.

The AG provider is required to accept the AG rate as payment in full for services rendered. Since January 2020, the AG rate has increased seven times in response to the federal cost of living adjustment (COLA) and Virginia General Assembly budget action. However, even with the \$397 increase in January 2024, the rate of inflation still impedes providers in covering the cost of care. One hundred and thirty-three (133) ALFs closed in the past eleven years and approximately 24 have stopped taking AG residents, severely limiting the number of available AG beds and reducing the number of individuals the program can serve. Inflation and state minimum wage increases may result in more closures, as many providers have informed DARS that they are struggling to keep up with the rising costs of operations. **Table 1** lists the AG rates from 2020 to 2025 for most planning districts and the higher rate for Planning District 8 (Arlington, Alexandria, Fairfax City and County, Falls Church, Loudoun County, Prince William County, Manassas City and Manassas Park).

Table 1: Auxiliary Grant Rates: 2020-2025

Mon/Year	Standard Rate	Planning District 8 Rate
1/2020	\$1,329	\$1,528
7/2020	\$1,409	\$1,620
1/2021	\$1,420	\$1,633
7/2021	\$1,562	\$1,796
1/2022	\$1,609	\$1,850
1/2023	\$1,682	\$1,934
1/2024	\$2,079	\$2,391
1/2025	\$2,103	\$2,418

Program Statistics

DARS compiles AG statistical data to identify program trends. **Table 2** provides information on statewide caseloads, expenditures, and average monthly payments. **Table 3** lists SFY 2025 AG recipients' demographics.

Table 2: Auxiliary Grant Expenditures and Monthly Case Counts¹			
Year	Average Monthly Cases	Total Payments (in millions)	Average Payment
2019	3,901	\$22.6	\$483
2020	3,254	\$22.4	\$576
2021	3,013	\$24.2	\$669
2022	3,033	\$28.2	\$773
2023	2,749	\$26.3	\$789
2024	2,544	\$29.3	\$961
2025	2,849	\$40.2	\$1,178

Table 3: Auxiliary Grant Case Demographics		
Gender	Race	Aid Category
Female 45%	White 68%	Aged 47%
Male 55%	African American 29%	Disabled 53%
	Other 2%	

Number of Auxiliary Grant Supportive Housing (AGSH) recipients in SFY 2025 by month

The AGSH Program, which was authorized in 2016, enables individuals to receive AG payments in designated supportive housing settings in Virginia. With approval from the Social Security Administration (SSA), DARS increased the program cap from 90 to 120 individuals effective November 1, 2020. As of June 25, 2025, there were 87 individuals residing in AGSH. This represents a 1% increase in AGSH recipients compared to June 2024. Expenditures for FY25 were \$636,887.

Table 4: AGSH by month											
7/24	8/24	9/24	10/24	11/24	12/24	1/25	2/25	3/25	4/25	5/25	6/25
85	85	87	92	89	86	82	85	88	88	86	87

The entities that provide AGSH are:

¹ Source: Virginia Department of Social Services Laser Local Fund and Count Summary

- Blue Ridge Behavioral Healthcare (40 slots).
- Mount Rogers Community Services Board (45 slots).
- Piedmont Community Services (8 slots).
- Southside Community Services (7 slots).
- Highland Community Services (15 slots); and
- New River Valley Community Services (5 slots)

AGSH census by provider as of June 2025

- Blue Ridge Behavioral Healthcare (19 housed).
- Mount Rogers Community Services Board (41 housed).
- Piedmont Community Services (5 housed).
- Southside Community Services (6 housed).
- Highland Community Services (13 housed); and
- New River Valley Community Services (3 housed)

During SFY 2025, three individuals were discharged from a state behavioral health facility to AGSH, bringing the total to 20 discharges to AGSH since the program's inception

AG Program Monitoring Program: LDSS Quality Reviews and Findings

Virginia must adhere to AG Program Maintenance of Effort (MOE) requirements set forth in an agreement with the SSA. The MOE ensures that Virginia passes cost of living adjustments (COLA) along to SSI eligible individuals through appropriate adjustments to the individual's monthly AG payment. Virginia must report successful compliance with the MOE to SSA annually.

Since COLA and additional factors , may cause an AG recipient's eligibility to change, DARS must ensure that the AG eligibility determination process is accurate and that errors that could affect a person's access to an AG payment are rectified. Individuals who receive AG automatically receive Medicaid, further heightening the importance of ensuring precise eligibility determination. Additionally, should the AG Program not meet MOE compliance, the federal government could withhold Virginia's Medicaid funding, thereby threatening Virginia's entire Medicaid Program.

In SFY 2025, the AG Program Consultant initiated quality reviews, which included assessments of hard copy and electronic AG records, on the following LDSS.

Essex	Prince Edward	James City Co.	Portsmouth
Loudon	Madison	Winchester	Lee
Scott	Buckingham		

The AG Program Consultant identified the following major errors during case monitoring activities:

- Lack of annual assessment documentation to support the level of care for admission and continued placement in the ALF.
- The failure to verify the clients' residence in the facility or the improper verification of the clients' residence in the ALF.
- Untimely completion of annual renewals.
- Eligibility determinations were not written on the evaluation form or documented properly to show evidence of meeting all AG criteria.
- Missing the document used to verify certain areas of eligibility criteria, such as proof of income to support passing the income screening test.
- Failure to confirm ALF the recipient resides in is an AG approved facility.
- Improper use of forms; using Medicaid applications and notices to address AG renewals and notifications. Also sending incomplete AG renewal application packets used to obtain necessary information to determine AG eligibility.
- Sending the AG Notice of Action to the client and/or authorized representative without sufficient information to advise how much money is due to the ALF.

The AG Program Consultant provided each LDSS with a written summary identifying case errors and steps to fix them. During the fiscal year, the AG Consultant and Program Manager conducted two AG coordinators meetings for more than 200 LDSS eligibility workers. These meetings discussed policies and procedures as well as best practices and program updates.

Provider Oversight

Oversight of AG providers is a critical part of program monitoring. Providers who accept AG residents are required to submit an annual certification form to DARS by October 1. DARS reviews certification forms for completeness and accuracy, including the ALF's management of residents' personal funds upon the resident's request. The SFY 2024ⁱ annual certification reporting period indicates that 241 ALFs are enrolled to serve AG residents. The annual certification reporting data indicated the following:

- 225 facilities submitted certifications.ⁱⁱ
- 27 facilities received third party payments on behalf of their residents.
- Over 1,392 residents' personal needs allowances were managed by the facilities.

State Local Fiscal Recovery Funds (SLFRF)

The Virginia General Assembly allocated American Rescue Plan Act (ARPA) funding to DARS to assist ALFs who serve a disproportionate number of AG residents. Up to \$22,000 is available via SLFRF to ALFs to improve the facility's air quality and environmental structure. The initial

grant cycle launched in April 2022. As of June 25, 2025, the chart below shows what progress has been made. Chart 1 indicates the progress of applications in the project cycle. Chart 2 indicates the number of projects in each region and the total expenditure.

Chart 1 Application Progress

DARS ARPA Grant Progress Tracker Snapshot	As of 6/25/25			
	TOTAL	PHASE3	PHASE2	PHASE1
# Initial Applications Active	108	51	22	35
# Applicants Negotiating Work	0	0	0	0
# Construction applications pending approval	0	0	0	0
# Construction Projects In Progress	0	0	0	0
# Construction Projects Completed	108	51	22	35
# Construction applications approved (In Progress + Completed)	108	51	22	35
\$ Total Funding Committed (\$ in Applications Approved)	\$2,328,585.63	\$1,105,221.86	\$476,496.39	\$746,867.38
\$ Total Funding Expended (\$ Sent to ALF, Partial &/or Final)	\$2,328,585.63	\$1,105,221.86	\$476,496.39	\$746,867.38

Chart 2 Expenditures

Region	Number of Participants	Total Funds Committed
Central	43	\$925,213.18
Valley	20	\$434,666.63
Western	14	\$303,754.00
Eastern	17	\$366,082.88
Fairfax	5	\$107,388.00
Piedmont	9	\$191,480.94
TOTAL	108	\$2,328,585.63

The project's grant period ended October 2024. Several projects were not completed until June 17, 2025.

Conclusion

The AG program provides critical housing and support to vulnerable Virginians and aligns with the DARS mission to improve the employment, quality of life, security, and independence of older Virginians, Virginians with disabilities, and their families. AG Program staff will continue to raise awareness of AGSH in Virginia and collaborate with state partners on the goal of increasing the number of individuals who may benefit by residing in a supportive housing setting. The AG Program Consultant will also continue to support LDSS efforts to improve case determination actions through monitoring and education, ensuring individuals in need can promptly access AG benefits.

ⁱ SFY 2025 certification forms are not due until October 1, 2025

ⁱⁱ 16 facilities did not submit forms.