



Virginia Office of Children's Services

*Study of Private Special Education
Day Program Rates*

June 2019

Agenda

Introductions

Project Goals & Approach

Quality Assurance Process

Methodology Development

Community Feedback

Next Steps



Introductions



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Introduction to PCG

- Founded in 1986, PCG is headquartered in Boston, MA and employs more than 2,000 professionals in 46 offices
- Management consulting to assist public sector agencies better serve their targeted population
- Five Practice Areas
 - Human Services
 - Health
 - Education
 - Technology Consulting
 - Public Partnerships, LLC (PPL)



Goals for Today

- 1 Provide an overview of collected data
- 2 Explore methodology development
- 3 Collect feedback from the community

Project Goals & Approach

Project Goals

- 1. Conduct national research to understand:**
 - How are private special education day rates handled nationally?
 - How are costs shared between state, local government, and school districts?
 - How are rates developed?
 - What costs are included?
 - How do other state rates compare to VA?
- 2. Better understanding of the costs of providing private special education day programs in VA.** What are they buying, how does this align to what they want or need to buy, and how much does it cost?
- 3. Develop rate methodology and/or recommendations**

Project Approach



Project Timelines

Phase 2- Final Report

November 2018 – May 2019

- Distribute Cost Study Tools
- Collect and review data (extended)

February 2019 – June 2019

- QA datasets
- Begin drafting rate methodology models.

May 2019 – September 2019

- Develop Draft Rate Setting Methodology
- Facilitate Regional Stakeholder Meetings
- Create Final Report
- Present Findings to OCS

Quality Assurance

Quality Assurance Process

- PCG reviewed and scrutinized every survey submission to validate the results.
- The QA process focused on identifying and correcting data discrepancies that would call into question the validity of the survey data.
- The quality assurance process was not an audit. Potential issues are flagged and addressed with schools directly.
- PCG developed a QA checklist and process to identify the following:
 - Incomplete personnel roster survey information
 - Incomplete cost survey information
 - Unreasonable figures or results (ex. Reporting Personnel Expenditures that exceed Total Expenditures)
 - Alignment between the personnel and cost surveys
 - Backup documentation to support the submissions

Quality Assurance Process

- The most common QA flags were:
 - Unreasonable calculation of school days
 - Errors and inconsistencies with operating and indirect expenses
 - Missing certain fields in the personnel roster.
- PCG retained, modified or discarded survey data based on the quality assurance process.
 - Data modifications were rare and only under either the direction of the school or in the calculation of total school days.
- Ultimately, all 39 schools were included in at least one data set.

Data & Methodology Development

Overview: Rate Setting

- The goal of any effective rate-setting methodology is to allow the provider to align the actual cost of service delivery with contract requirements.
- Similar to Medicaid and other social service reimbursement rates, payments to providers should be consistent with efficiency, economy, and quality of care (Social Security Act § 1902(a)(30)).
- Cost-based rates should include all direct and indirect costs related to the provision of the service by the provider
- Cost-based rates may include several components:
 - Salaries of staff associated with service delivery
 - Tax and fringe of staff associated with service delivery
 - Operating costs (mileage, facility/occupancy, supplies etc.)
 - Organizational (parent) indirect costs
- Sources of data are provided and guided by the following:
 - Provider cost and service data
 - State claiming data
 - Other federal, state and program rules and regulations



Rate-Setting Process

1. **Determine Methodology for Data Collection (COMPLETE)**
 - a. Review available data
 - b. Develop data collection options based on possible rate methodologies
 - c. Engage stakeholders
2. **Collect Data (COMPLETE)**
 - a. Finalize data collection tools
 - b. Provide training and technical assistance
3. **Analyze Data (COMPLETE)**
 - a. Perform quality assurance on data collected
 - b. Aggregate into datasets and trends
4. **Develop Rate Options**
 - a. Develop rate options
 - b. Engage stakeholders
5. **Finalize Recommendations**
 - a. Draft report summarizing process and rate recommendations



Data Highlights

- 39 Schools Participated in at least 1 full component
- 36 Schools reported full expenditure information
- 23 Schools reported full personnel information, which includes a minimum of the following:
 - At least one individual employee
 - A valid profession for each employee
 - An annual salary for each employee
 - # of hours worked for each employee

Regional Representation

22 - Counties

7 - Independent Cities



| County | # of Submissions |
|------------------|------------------|
| Albemarle | 2 |
| Alleghany | 1 |
| Augusta | 1 |
| Chesterfield | 1 |
| Clarke | 1 |
| Culpeper | 1 |
| Cumberland | 1 |
| Fairfax | 2 |
| Franklin | 2 |
| Frederick | 1 |
| Henrico | 6 |
| Independent City | 7 |
| Loudoun | 1 |
| Pittsylvania | 1 |
| Prince George | 1 |
| Prince William | 2 |
| Richmond | 1 |
| Roanoke | 1 |
| Shenandoah | 1 |
| Stafford | 2 |
| Warren | 1 |
| Wise | 1 |
| Wythe | 1 |
| TOTAL | 39 |

Regional Representation

22 - Counties

7 - Independent
Cities



Independent Cities

Bristol

Richmond

Charlottesville

Petersburg

Newport News

Harrisonburg

Lynchburg

Tax Status of Respondents

TAX STATUS

OF SUBMISSIONS

For Profit

8

Nonprofit

30

Unknown

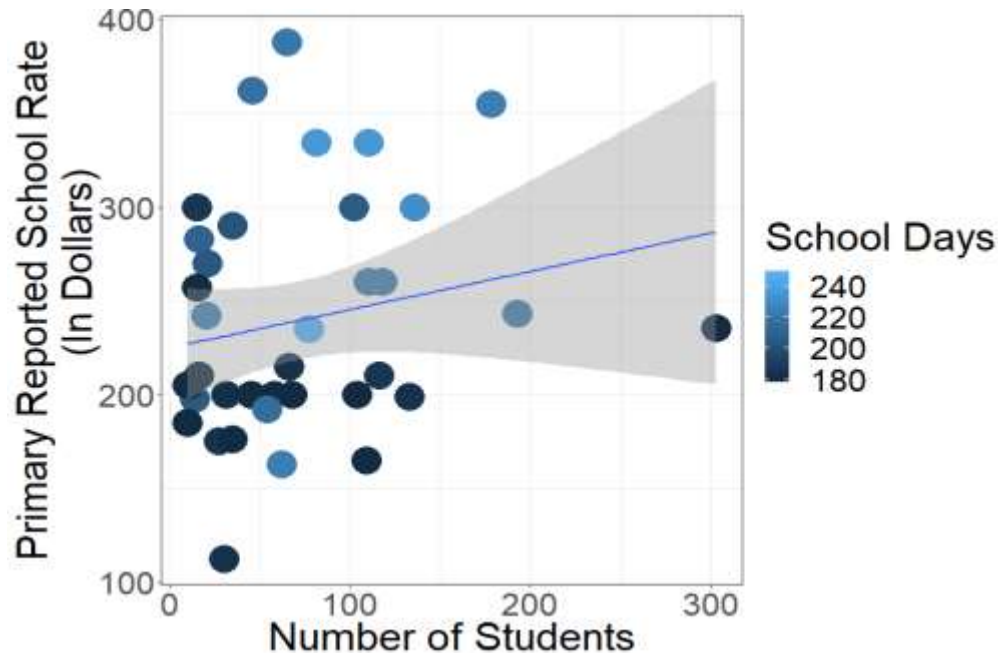
1

Total

39

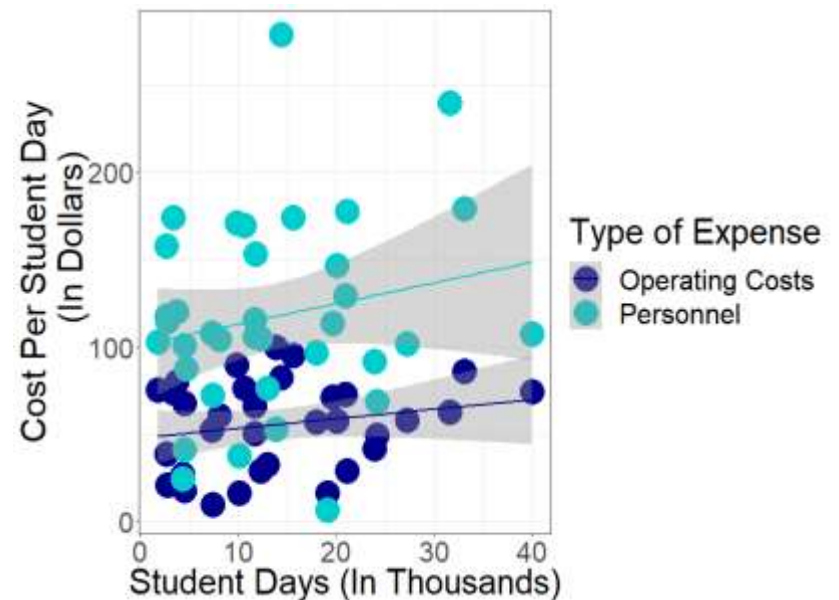
Reported School Data – Daily Rate by Student

- The average daily rate is \$239.45.
- As schools serve more students, the daily billing rate increases by 20 cents per day for each additional student.
- Interestingly, schools with higher number of school days generally had higher rates (\$1.72 per additional school day).
 - General theory would suggest fixed annual costs would remain static and extended school years would decrease per student day costs.

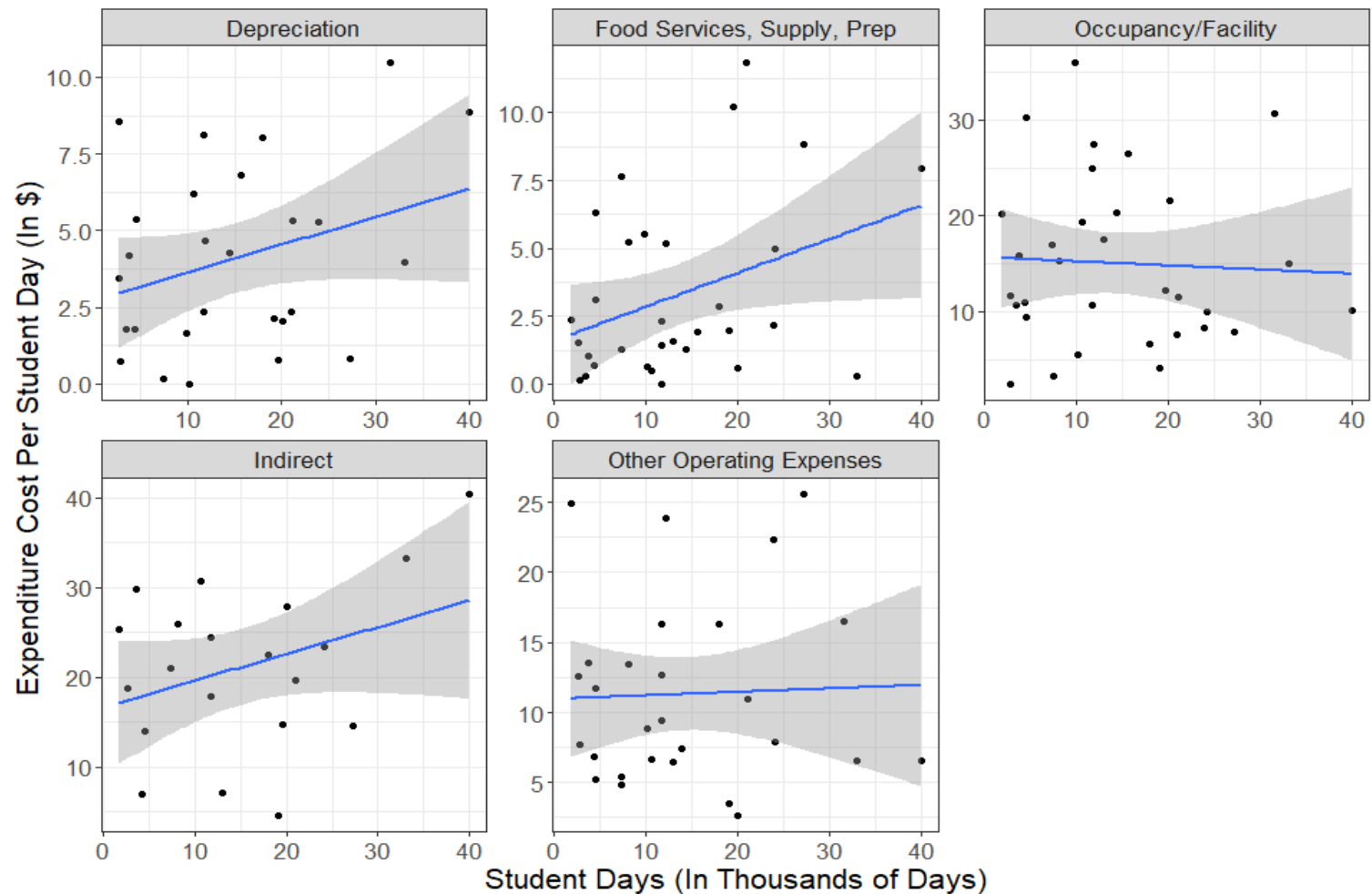


School Data – Operating and Personnel Expenses

- The figure shows the total cost of operating (such as mileage and facilities) and personnel (such as salaries and benefits) expenses per student day.
- In general, personnel costs are higher than operating costs by about \$50.
- Both operating and personnel costs increase per student day as the number of student days is increased.
- The rate setting methodology is determined using these two pieces of data.



Rate Setting Methodology – Operating Component



Rate Setting Methodology – Operating Component Rates

| Operating Cost Component | Base Rate Per Day | Cost Adjustment per 1,000 Student Days |
|--|-------------------|--|
| Depreciation | \$2.72 | \$0.09 |
| Food, Food Service, Supplies, and Prep | \$1.61 | \$0.12 |
| Occupancy/Facility | \$15.64 | -\$0.04 |
| Indirect (from Parent Organization) | \$16.62 | \$0.30 |
| Other Operating Expenses | \$10.96 | \$0.02 |
| Total | \$47.55 | \$0.50 |

*Operating Costs = \$47.55 + (\$0.0005 * Number of Students * Number of School Days)*

Rate Setting Methodology – Personnel Component Rates

- Benefits calculated as 23% of salary based on reported expenditures

| Profession | Number of Schools | Number of Employees | Average Hourly Salary | Benefits Per Hour |
|---|-------------------|---------------------|-----------------------|-------------------|
| Accounting / HR / IT | 14 | 46 | \$36.35 | \$8.36 |
| Behavior Specialist / Counselor / Therapist | 17 | 245 | \$18.94 | \$4.36 |
| Classroom Instructor | 23 | 136 | \$24.16 | \$5.56 |
| Classroom Aides | 17 | 253 | \$15.38 | \$3.54 |
| Clerical Staff | 21 | 72 | \$23.09 | \$5.31 |
| Director / Principal / Assistant Principal | 21 | 53 | \$49.51 | \$11.39 |

$$\frac{\sum_{\text{Profession}} [(\text{Salary per Hour} + \text{Benefits per Hour}) * \text{Number of Staff} * 8 \text{ hours per day}]}{\text{Number of Students}}$$

Rate Setting Methodology – Example Rates for Fictional Medium School Number #1

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 2 |
| Behavioral Specialists / Counselors / Therapists | 2 |
| Classroom Instructors | 3 |
| Classroom Aides | 8 |
| Clerical | 1 |
| Directors / Principals / Assistant Principals | 2 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 30 |
| Days in School Year | 180 |

| Rate Type | Amount |
|-------------------|-----------------|
| Personnel Rate | \$140.45 |
| Operations Rate | \$50.25 |
| Total Rate | \$190.70 |

Rate Setting Methodology – Example Rates for Fictional Medium School Number #2

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 2 |
| Behavioral Specialists / Counselors / Therapists | 8 |
| Classroom Instructors | 3 |
| Classroom Aides | 2 |
| Clerical | 1 |
| Directors / Principals / Assistant Principals | 2 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 30 |
| Days in School Year | 180 |

| Rate Type | Amount |
|------------------------|-----------------|
| Personnel Rate | \$147.46 |
| Operations Rate | \$50.25 |
| Total Rate | \$197.71 |

Rate Setting Methodology – Example Rates for Fictional Medium School Number #3

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 6 |
| Behavioral Specialists / Counselors / Therapists | 6 |
| Classroom Instructors | 9 |
| Classroom Aides | 24 |
| Clerical | 3 |
| Directors / Principals / Assistant Principals | 6 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 90 |
| Days in School Year | 180 |

| Rate Type | Amount |
|------------------------|-----------------|
| Personnel Rate | \$140.46 |
| Operations Rate | \$55.65 |
| Total Rate | \$196.11 |

Rate Setting Methodology – Example Rates for Fictional Medium School Number #4

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 2 |
| Behavioral Specialists / Counselors / Therapists | 2 |
| Classroom Instructors | 3 |
| Classroom Aides | 8 |
| Clerical | 1 |
| Directors / Principals / Assistant Principals | 2 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 30 |
| Days in School Year | 215 |

| Rate Type | Amount |
|------------------------|-----------------|
| Personnel Rate | \$140.46 |
| Operations Rate | \$50.78 |
| Total Rate | \$191.24 |

Rate Setting Methodology – Example Rates for Fictional High Staff:Student School Number #5

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 5 |
| Behavioral Specialists / Counselors / Therapists | 8 |
| Classroom Instructors | 10 |
| Classroom Aides | 50 |
| Clerical | 5 |
| Directors / Principals / Assistant Principals | 4 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 60 |
| Days in School Year | 215 |

| Rate Type | Amount |
|-------------------|-----------------|
| Personnel Rate | \$271.83 |
| Operations Rate | \$54.00 |
| Total Rate | \$325.83 |

Rate Setting Methodology – Example Rates for Fictional High Staff:Student School Number #6

| Staff Position | Number of Staff |
|--|-----------------|
| Accounting / HR / IT | 1 |
| Behavioral Specialists / Counselors / Therapists | 2 |
| Classroom Instructors | 3 |
| Classroom Aides | 12 |
| Clerical | 2 |
| Directors / Principals / Assistant Principals | 1 |

| Student Data | Number |
|---------------------|--------|
| Number of Students | 15 |
| Days in School Year | 215 |

| Rate Type | Amount |
|-------------------|-----------------|
| Personnel Rate | \$280.11 |
| Operations Rate | \$49.16 |
| Total Rate | \$329.27 |

Future Methodology Considerations

- Inflation – As the costs were for previous school years, this methodology does not reflect inflation. As such, future inflation would be tied to an index of pricing, such as the Consumer Price Index – All Urban Consumers (ex. May 2018-2019: 2.90%)
- Therapy Services – The developed methodology does not incorporate therapy services (ex. Occupational Therapy) into the rate.
- Geographic Pricing – No current adjustment for geographic considerations have been incorporated.
- Separating out Indirect Expenditures – As this is a large rate component for some schools, with a handful reporting none, a larger data set to analyze these two groups costs may prove fruitful.
- Teacher in-service days – Days which teachers work, but no students are present have not been integrated.

Community Feedback

Requested Feedback

- Geographic Considerations? (i.e. What are your specific challenges related to costs based on region?)
 - Costs of Living
 - Recruiting
 - Subcontractors
- Elements of information collected considered burdensome?
- How do schools adapt staffing to the influx/outflux of students?
- How could we best capture service delivery model costs? (ex. Students with one teacher all day vs. students changing teachers per subject)
- Costs differences with Extended School Year services?



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