EXECUTIVE PROGRESS REPORT	March 2014

Background & History

The Virginia Department of Social Services (VDSS) and its key partners – local
departments of social services (LDSS) and community action agencies – directly help
approximately one in five Virginians every year. VDSS and partners strengthen families
by providing many of the Commonwealth's most critical services, including administering
social safety net programs, protecting children and adults from abuse and neglect,
providing subsidized child care that allows parents to work, collecting child support to
improve the lives of children, licensing adult and child care facilities to ensure their safety,
and encouraging work through workforce development services. The agency also
administers other smaller programs, including energy and cooling assistance, domestic
violence prevention, volunteerism, and refugee resettlement.

The statutory authority for VDSS's activities is the Code of Virginia Title 63.2 Welfare
(Social Services). Subtitles I through VI refer to General Provisions Related to Social
Services, Public Assistance, Social Service Programs, Licensure, Administrative Child
Support and Grant Programs and Funds. Some of these programs include federal
mandates.

Primary Product & Services

VDSS's most widely used services include social safety net programs (e.g., Supplemental
Nutrition Assistance Program, or SNAP; Temporary Assistance for Needy Families, or
TANF; energy and cooling assistance), Medicaid eligibility determination, child support
collection, foster care and adoption services, child and adult protective services,
subsidized child care, licensure of child and adult care facilities, workforce development
services for TANF and SNAP recipients through the Virginia Initiative for Employment Not
Welfare (VIEW) Program, and refugee services.

Medicaid and SNAP (formerly the Food Stamp Program) each served about one million
Virginians during state fiscal year 2012. As of July 2012, the number of SNAP participants
was at an all time high. Child Support Enforcement served approximately 348,000
households.

Most of these services are administered by 120 local departments of social services,
which VDSS supervises. VDSS also partners extensively with community-based
organizations and volunteers, local government entities, other state agencies (e.g.,
Department of Medical Assistance Services, or DMAS), and healthcare providers. VDSS
anticipates that an increasing number of services, such as benefit program applications
and Medicaid enrollment, will be conducted electronically through its new Customer Portal.
This will facilitate public access to services, reduce wait time and processing errors, and
allow greater access to data for program staff.

Customer Base

The VDSS customer base continues to increase in number and diversity. From 2000 to
2011, Virginia's total population grew by 14%, and the number of Virginians below the
federal poverty threshold grew by 38%. As of 2011, about 906,000 Virginians (11.5% of
the population) lived in poverty. Virginia's child poverty rate was 15.3%, higher than the
overall poverty rate. In 2012, Virginia's average unemployment rate was 5.9%, or about
247,000 adults. The non-English speaking population in Virginia continues to grow, with
14.9% of the population speaking a language other than English at home, including 5.5%
who speak English "less than very well". According to the U.S. Census Bureau, the
number of Virginians ages 65 and older will more than double between 2000 and 2030, to
about 1.8 million people. These demographic shifts will increase the demand for social
services at the state and local levels.

Two other long-term national trends have increased the demand for social services: the
growth, since 1960, in the percentage of children living in single-parent households, and

the stagnation over the past 30 years in the wages of low-skilled workers. These national trends have been evident in Virginia, and increase the likelihood that some families will spend some time below or near poverty.

Customer Listing

No Data Available

Key Agency Statistics

The following statistics illustrate the breadth of services provided by VDSS and local departments of social services. The statistics are based on FY 2012 data (number of children and adults served is based on 2012 annual population estimates from the Census Bureau).

Finances

The Department of Social Service's base budget comprises approximately 21% general funds, 41% federal funds, and 38% special funds. In addition to these sources, approximately $217 million per year of local matching funds are expended. These local funds are not appropriated in the state budget.

The federal funds comprise roughly 40 federal grants, including administrative funds for the Supplemental Nutrition Assistance Program (SNAP) and Medicaid, Temporary Assistance to Needy Families (TANF), Child Care Development Fund (CCDF), Title IV-D Child Support Enforcement, Title IV-E Foster Care and Adoptions, Title IV-B Child Welfare and Family Preservation Services, Low Income Home Energy Assistance Program (LIHEAP), Community Services Block Grant, AmeriCorps, Refugee/Newcomer Assistance, and the Social Services Block Grant.

Virtually all of the special funds are the result of the collection of child support payments from non-custodial parents and subsequent payment to the custodial parents.

Fund Sources

No Data Available

Revenue Summary Statement

Federal revenue is earned by the agency based on a cost reimbursement basis. Thus, federal revenue will largely equate to federal expenditures for any given year.

As stated above, the vast bulk of the $702 million in special revenue is generated by child support collections that are in turn paid out to custodial parents. Thus, as is the case for federal revenue, special fund revenue will largely equal expenditures.

Note: This agency does not collect fee revenue that is deposited to the general fund.

Key Risk Factors

Increased caseloads. The major challenge for the social services system is handling the increased caseload for benefit programs. Primarily due to the recent recession, SNAP and other program caseloads have increased substantially. Meanwhile, VDSS and local departments of social services have made budget reductions.

Funding and legislation. Funding constraints have prevented hiring more case workers to meet the higher caseloads. If implemented, health system reform would strain the social services system through a substantial increase in Medicaid enrollment. Changes in federal legislation and mandates could substantially impact many VDSS programs.

<u>Legacy information systems</u>. Despite major IT improvements underway, the current IT plan does not immediately address many of VDSS's legacy systems.

<u>Workforce gaps</u>. The social services system has a graying workforce and has seen a substantial number of retirements that is expected to be higher than normal. This loss of experience and institutional knowledge makes succession planning a critical task. The enterprise-level IT projects, sponsored through the Secretary of Health and Human Resources' eHHR (Electronic Health and Human Resources) Program Office, will create a need for reallocating staff to manage these projects, thus creating gaps in other critical areas.

Performance Highlights

VDSS has four key measures and one productivity measure, discussed in turn.

- Percent of TANF participants engaged in a work activity: VDSS and local departments have met the federal work requirement (state rate adjusted for caseload reduction) every year since 1997. State employment rates fell during the recent recession, but have increased recently.
- Percent of child support owed that is collected: VDSS operates one of the most successful and productive child support systems in the U.S. Collections continued to increase despite the recession.
- Percent of foster care children in family-based placements: child welfare transformation has succeeded in increasing family placements, enabling VDSS and local departments to exceed the target.
- Percent of children discharged to permanency: VDSS and local departments continue to progress toward meeting the target, as permanency rates have increased.
- Amount of child support collected per dollar spent: VDSS continues to operate one of the most cost effective child support systems in the U.S. and has met and far exceeded its federal incentive target of $5 collected per $1 spent on administration.

Performance Measures

Management Discussion & Analysis

General Information about the Ongoing Status of the Agency

The Virginia Secretary for Health and Human Resources (SHHR) has established strategic objectives for SHHR agencies to prepare for potential health system reform and more effectively manage taxpayer resources. Key goals include:

- Implementing an online "customer portal" for citizens to access services;
- Integrating service delivery across the Secretariat;
- Increasing efficiency by sharing certain administrative functions across SHHR agencies.

VDSS is addressing these goals through the following initiatives:

- Technology Improvements:
    - Implementing the Customer Portal;
    - Modernizing information systems to: meet health system reform requirements, automate eligibility determination, enable data sharing, allow for customer authentication, and use an electronic document management system;
- Child Welfare Transformation: Continuing to improve the quality of child welfare services by emphasizing family engagement in the process; promoting father involvement; implementing Quality Service Reviews and other continuous quality improvement processes; and increasing use of outcome-based performance management;
- Engaging Families for Success: Partnering with local and state DSS programs, other state agencies, and community leaders to provide programming related to promoting father involvement, healthy marriages and relationships, and responsible parenting with the goal of increasing the number of adults and children living in safe and stable families. The vision is a holistic approach that looks beyond clients as individuals and focuses on engaging the family unit at every point of client contact.

These initiatives are intended to address the key risk factors above by modernizing IT systems, reducing worker time needed to determine eligibility, improving program effectiveness and, in the long run, strengthening families to reduce the need for social services.

Information Technology

VDSS is a major participant in several SSHR-sponsored enterprise-level IT projects. The projects will leverage Service Oriented Architecture (SOA), Enterprise Service Bus (ESB) technology and Business Rules Engines. With financial support from the federal Administration for Children and Families, Centers for Medicaid and Medicare Services, and Food and Nutrition Service, key initiatives include:

Child Care: In June 2012, VDSS completed implementation of the Virginia Case Management System (VaCMS) for child care. VaCMS is a comprehensive intake, eligibility determination, financial, case and provider management system.

Customer Portal: In October 2012, VDSS launched statewide a Web-based portal through which customers can:

- Apply for Child Care, SNAP, TANF, Medicaid, and LIHEAP benefits;
- Renew benefits for SNAP, TANF, Medicaid, and LIHEAP;
- Report changes and manage their benefits.

Eligibility Systems Modernization: In December 2012, VDSS awarded a contract to replace the Public Assistance legacy systems. This includes use of a business rules engine to simplify rollout of future program changes, a document management system, and enhancements to the Customer Portal and Child Care systems. VDSS will collaborate with DMAS to utilize SOA and improve data sharing.

For 2012-2014, federal and state funds have been allocated for the Enterprise Delivery System Project, the largest software development effort undertaken by VDSS. A contractor will provide most of the software development. VDSS is requesting more funds to hire staff to manage the project.

For the upcoming biennium, VDSS is requesting funds for an anticipated cost increase in UNISYS CPU utilization due to expected increases in usage. The UNISYS platform will continue to support mandated eligibility determination services and other non-eligibility services for Medicaid, LIHEAP, TANF, SNAP and VIEW until the Enterprise Delivery System Project is completed. Additional funds are also being requested to support the usage of two eligibility systems effective October 1, 2013. These funding increases will be offset by an increase in the federal match rate for operations related to Medicaid.

Workforce Development

VDSS is poised to lose as many as 615 classified employees (40%) by 2020 due to retirement. More than fifty percent of the workforce (55%) is 50 years and older. The median age is 51. VDSS employees under 30 years old make up only 3% of the workforce.

This trend is not unique to Virginia government or the state, but reflects the nationwide aging of the "Baby Boom" generation. The aging workforce gives way to a smaller workforce pool, as fewer new workers enter the job market. A smaller workforce pool increases competition for workers among prospective employers.

As the number of non-English speaking residents increases, VDSS will face new challenges in delivering economic assistance and workforce services. Improved skills in addressing cultural and language differences will be needed for VDSS and LDSS staff to provide services to this population.

While the Customer Portal's automation process may initially increase the number of benefit applications filed, it is anticipated workers' caseloads will lessen over time. This will result in less need for hiring more staff and reallocation of staff to other areas.

Other strategies include:

- Using the VDSS Knowledge Center to mitigate loss of experienced workers by standardizing core competency training;
- Making enhancements to the Customer Portal to capture information from low-literacy and non-English speaking clients;
- Making language translation/interpretation services more accessible to local agencies.

Physical Plant

VDSS currently has 29 leases throughout the Commonwealth in support of its mission. The total annual lease cost is approximately $7.5 million. Management of these leased spaces is a collective effort between VDSS and the Department of Real Estate Services (DRES).

Besides the day-to-day management of the leased space, VDSS has no major physical plant projects planned. VDSS successfully meets all established requirements and standards in providing accommodations, facilities, equipment and amenities that are suitable for employees and clients.

VDSS and DRES meet monthly to discuss leases that are set to expire within two to three years. This discussion is critical in planning and budget preparation for the Home Office or Regional, District, or Licensing offices.