

2016-18 Executive Progress Report

Commonwealth of Virginia
Secretary of Health and Human Resources
Department of Social Services

At A Glance

People helping people triumph over poverty, abuse and neglect to shape strong futures for themselves, their families, and communities.

Staffing 1604 Salaried Employees, 65 Contracted Employees, 1831 Authorized, and 77 Wage Employees.

Financials Budget FY 2017, \$2,022.98 million, 20.55% from the General Fund.

Trends
Legend

↑ Increase, ↓ Decrease, → Steady

Key Perf Areas

↑ Exit to Permanency
→ TANF Work Participation Rate
↑ SNAP Participation Rate

Productivity
Legend

↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

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.

Major Products and 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.

Combined, 1.63 million Virginians received SNAP (formerly the Food Stamp Program), TANF, and/or Medicaid benefits during state fiscal year 2016. This was approximately a one percent decrease (-22,256 clients) from SFY 2015, but well above the number of recipients in SFY 2010 (1.4 million). Child Support Enforcement served 314,489 families – 373,706 children and 491,755 parents -- in June 2016.

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. An increasing number of services, such as benefit program applications and Medicaid enrollment, are conducted electronically through its customer web portal, *CommonHelp*. This facilitates public access to services, reduces wait time and processing errors, and allows greater access to data for program staff.

Customers

Customer Summary

The VDSS customer base continues to increase in number and diversity. According to the U.S. Census Bureau, Virginia's total population grew by 18 percent -- from 7.1 million in 2000 to nearly 8.4 million in 2015. In 2015, about 909,000 Virginians (11.2% of the population) lived below the federal poverty threshold. During 2008-2014, the annual poverty rate increased, but started declining in 2015. Virginia's child poverty rate decreased to 14.8% in 2015, indicating a reversal of previous yearly trends. In June 2016, nearly 169,000 Virginians were unemployed, at a seasonally unadjusted rate of four percent. The non-English speaking population continues to grow, with 15.9% of the population speaking a language other than English at home; 5.9% speak English "less than very well". According to the U.S. Census Bureau projections, the number of people ages 65 and older in the U.S. will grow by 55% between 2015 and 2030. Extrapolated to Virginia, this translates to more than 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. (In 2015, for the first time in several years, we saw an increase in the median annual household income.) These national trends have been evident in Virginia and increase the likelihood that some families will spend some time below or near poverty.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Low-Income	SNAP recipients	835,042	2,118,160	Decrease
Low-Income	Medicaid enrollees	991,412	2,118,160	Increase
Low-Income	FAMIS enrollees	106,248	2,118,160	Increase
Low-Income	TANF and Unemployed Parents Cash Assistance recipients	52,383	2,118,160	Decrease
Child	Children receiving child support enforcement services (June 2016)	308,498	308,498	Decrease
Families	Families receiving child care subsidies	22,085	22,085	Stable
Child	Children receiving subsidized child care	38,640	38,640	Decrease
Low-Income	Families receiving fuel, cooling, and/or crisis assistance	144,221	2,118,160	Decrease
Health Care	Child day care programs	5,774	5,774	Decrease
Child	Children reported as being abused, neglected or maltreated	51,327	51,327	Increase
Child	Children in foster care	4,913	4,913	Decrease
Child	Children receiving child residential care or services	5,957	5,957	Stable
Health Care	Licensed Children's Residential Providers	127	127	Decrease
Health Care	Staff and caretakers of foster care children who require background investigations	12,979	12,979	Decrease
Adult	Adults reported as being abused, neglected, or maltreated	23,432	23,432	Increase
Resident	Residents served by Community Action Agencies	163,639	163,639	Increase
Refugee	Refugees fleeing due to war, armed conflict, or human rights violations	3,246	3,246	Increase
Volunteer	Residents involved in community volunteer network (AmeriCorps)	14,730	14,730	Increase
Victim	Domestic violence victims seeking shelter	5,121	7,797	Stable
Health Care	Assisted Living Facilities/Adult Day Care Facilities	635	635	Stable
Adult	Adults age 60+ years and/or disabled receiving home-based services	4,141	87,994	Increase
Adult	Adults age 60+ years and/or disabled receiving assisted living services paid by Auxiliary Grant program	4,083	164,817	Decrease
Local or Regional Government Authorities	Local Departments of Social Services (LDSS)	120	120	Stable

Finance and Performance Management

Finance

Financial Summary

The Department of Social Service's base budget is comprised approximately 20% general fund, 45% federal funds, and 35% special funds. In addition to these sources, approximately \$214 million per year of local matching funds are expended. These local funds are not appropriated in the state budget.

The federal funds comprise roughly 35 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

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$415,809,095	\$411,455,380
0202	Central Registry Search Fees-Non-Federal Funds	\$1,368,010	\$2,368,010
0204	Monacan Indian Tribal Association	\$908,129	\$892,640
0216	Capital Asset Procurement Fund	\$701,142	\$701,142
0235	Dcse Matched Incentive Funds	\$17,902,123	\$17,902,123
0237	Dcse Non Matched Incentive Funds	\$11,638,415	\$11,638,415
0239	Dcse Child Support Enforcment Collections & Paymnt	\$664,906,309	\$664,906,309
0272	Procurement And Distribution Services	\$75,000	\$75,000
0273	Licensing Application Fees	\$475,000	\$475,000
0911	Fraud Recovery Special Fund	\$3,000,000	\$3,000,000
0914	Putative Father Registry Fund	\$135,265	\$135,265
0966	Internet Crimes Against Children Fund	\$100,000	\$350,000
1000	Federal Trust	\$905,959,570	\$912,515,898

Revenue Summary

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 (SFY 2018 budget) 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.

Performance

Performance Highlights

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

- **TANF Work Participation:** VDSS and local departments have met the federal work requirement (state rate adjusted for caseload reduction) every year since 1997. Despite the economic downturn in late 2008, the TANF Work Participation Rate has remained at about 44%.
- **Child Support Collection:** VDSS operates one of the most successful and productive child support systems among the 50 states. Child support collections continued to remain close to its target of 65% during the recession and post-recession periods.
- **Exit to Permanency:** VDSS and local departments continue to progress toward meeting the target (86%) for the percentage of children in foster care who exit from care to permanent living arrangements (i.e., reunification with biological family, transfer of custody to other relatives, adoption). Although the permanency rate climbed from 2011 to 2014, it has been hovering at 77% to 78% over the last two years.
- **Child Support Cost Effectiveness Rate:** 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. For the last two years, the cost effectiveness rate has been above \$6 in each quarter.
- **SNAP Participation Rate:** VDSS and local departments continue to provide SNAP benefits to the income-eligible population (i.e., people with annual household incomes below 130% of the Federal poverty threshold). The SNAP Participation Rate has remained above 65 percent since 2006. In 2014, the federally-calculated SNAP Participation Rate was 83%.
- **Quality Early Child Care/Education Programs:** This is a new measure. By February 2017, 16.5% of all eligible early care and education programs were participating in the Division of Child Care and Early Childhood Development's quality rating improvement system (Virginia Quality), up from 8% in SFY 2014 and 11% in SFY 2015. These programs are participating in quality improvement activities (e.g., staff training, curriculum development) in order to provide the highest quality care and education for young children.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
76546006.001.002	Percentage of children who exit from foster care to a permanent living arrangement (reunified with families, placed with relatives, adopted)	Exit to Permanency	Improving
76545212.001.002	Percentage of Temporary Assistance for Needy Families (TANF) participants engaged in a work activity (TANF Work Participation Rate)	TANF Work Participation Rate	Maintaining
76546301.001.002	Cost Effectiveness Rate: Amount of child support collected per dollar expended	Child Support Cost Effectiveness Rate	Improving
76546301.001.001	Percentage of child support owed that is collected	Child Support Collection	Improving
765.0004	Percentage of the eligible population enrolled in the Supplemental Nutrition Assistance Program (SNAP)(SNAP Participation Rate)	SNAP Participation Rate	Improving
765.0006	Percentage of early care and education programs that are participating in Virginia's child care and early education quality rating and improvement system	Quality Early Child Care/Education Programs	Improving

Key Risk Factors

Increased caseloads: The major challenge for the social services system is handling the fluctuating caseloads and workload for public assistance programs. Primarily due to health care reform, the volume of applications for Medicaid has increased substantially since 2013. The FAMIS caseload, which was previously handled by DMAS, has transitioned to the local departments of social services. Between 2013 and 2016, local department of social services workers were managing the workload in two systems – the legacy eligibility system and the new replacement eligibility system. As of March 2017, all public assistance programs have transitioned to the Virginia Case Management System (VaCMS). This should lead to efficiencies in application processing.

Information Systems: The Department has completed the massive modernization of its public assistance eligibility determination systems in March 2017. However, fixes and enhancements are expected to continue for the next 12 months. The VaCMS is an enterprise data system designed to address the significantly increased demand for eligibility determination, primarily as a result of health care reform. With the modernization of the Department's eligibility determination systems, the Department's legacy systems, such as ADAPT, have been decommissioned.

Many additional application development efforts and overall system modifications are ongoing and tracked via the Commonwealth Technology Portfolio (CTP) process. These include for example: APECS Modernization project, APECS Document Management System, Appeals system, Central Registry System, Neighborhood Assistance Program System, the OASIS Service Plan system and Mobility Solution.

Funding and legislation: The General Assembly provided funding for the development of the Department's new eligibility determination system as well as some additional staff at the local level. In addition, the federal government has made available enhanced funding for the development and operation of eligibility determination systems, which the Department has successfully leveraged. Additionally, at the federal level, there is lack of clarity on human services funding.

Institutional Knowledge: The social services system has an aging 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. In addition, local departments of social services are experiencing high turnover largely due to large workloads and relatively low pay.

VITA Disentanglement: The delays VITA is experiencing in disentangling the Northrop Grumman contract is impacting the ability of VDSS to move forward on several major IT initiatives. If these delays continue, it may impact the delivery of VDSS services to citizens of the Commonwealth.

Agency Statistics

Statistics Summary

The following statistics illustrate the breadth of services provided by VDSS and local departments of social services. The client, case, services and expenditure statistics are based on fiscal year 2016 data. The sociodemographic statistics were obtained from the U.S. Census Bureau's 2015 American Community Survey; the food insecurity statistic was calculated using the 2013-2015 (3-year average) Current Population Survey Food Security Supplement. The Virginia Employment Commission was the source for the number of unemployed during February 2017; the Bureau of Labor Statistics provided the average entry level wage (25th percentile) figure for May 2016.

Statistics Table

Description	Value
Virginians receiving SNAP (SFY 2016)	1,103,419
Virginians receiving TANF (SFY 2016)	91,238
Virginians enrolled in Medicaid (SFY 2016)	1,332,753
Households getting fuel and/or cooling assistance (FFY 2016)	118,920
Child support enforcement cases (as of June 2016)	310,489
Child support collected (\$millions; SFY 2016)	660
Child abuse/neglect investigations and assessments (SFY 2016)	33,877
Children in foster care (as of February 2017)	5,155
Adult abuse/neglect completed investigations (SFY 2016)	17,764
Children in subsidized child care (SFY 2016)	38,640
Licensed child/family day care sites (SFY 2016)	3,972
Unlicensed/voluntarily regulated child day care sites (SFY 2016)	1,802
Licensed child residential care facilities (SFY 2016)	127
Licensed assisted living and adult day care facilities (SFY 2016)	635
Domestic Violence: Victim services (unduplicated) (SFY 2016)	30,121
AmeriCorps member and volunteer service hours (SFY 2016)	423,970
2-1-1 Virginia: Total contacts (phone and website) (SFY 2016)	229,001
Virginians whose income in the past 12 months is below the poverty level (2015)	909,346
Virginians in labor force who are unemployed (February 2017)	168,676
Virginians with no health insurance coverage (2015)	746,293
Percent of children living in single-parent households (2015)	27
Percent of children living below the poverty level who are in single-parent households (2015)	73
Mean annual wage (\$) for entry-level job in Virginia (May 2016)	24,720
Percent of Virginia households experiencing food insecurity during the year (2013-2015 avg.)	10

Management Discussion

General Information About Ongoing Status of Agency

The Virginia Secretary for Health and Human Resources (SHHR) has proposed several top priority areas and objectives for agencies in the secretariat. These priorities, which are aligned with the Governor's goals of maintaining a 21st century economy, promoting innovation and good government, and creating a healthy Virginia, include:

1. Increase safe and stable living situations for children and families; prevent child abuse.
2. Promoting strategies that encourage a culture of health through stable housing, access to high quality health care, and proper nutrition;
3. Aligning Virginia's workforce to meet current and anticipated employer demands with career pathways and training solutions for dislocated, underemployed, and future workers;
4. Developing a clear and consistent anti-poverty policy;
5. Promoting strategies to improve nutritious options for Virginians in at-risk circumstances;
6. Improving educational success in struggling schools in high poverty communities and expanding access to quality early education for all children.

VDSS is addressing the above-mentioned priorities through the key performance measures (listed on page 4) and the following initiatives and strategies:

- **Achieving Adoptions & Permanency from Foster Care:** Recruiting more foster care and adoptive parents (including kin), using concurrent planning, and improving skills of child welfare front-line workers to increase permanent, family-based living arrangements for children in foster care and better outcomes for children and families who are served.
- **Enhanced Child Welfare Monitoring:** Implementing new child welfare case review processes to improve the outcomes for children and families served by VDSS.
- **Inter-Agency Partnership in Healthy Virginia:** Expanding medical assistance eligibility requirements and outreach to several under-served

groups (e.g., uninsured children of state employees, individuals with severe mental illness).

- **Youth Homelessness:** Working within an inter-agency task force to develop strategies to reduce homelessness among and improve other outcomes for youth who transition out of foster care.
- **Child Care and Early Childhood Development:** Increasing the quality and accountability of early child care providers.
- **Failing Schools - Communities:** Partnering with other state agencies and local communities to provide technical assistance to struggling public schools in low-income communities in order to achieve better performance and student outcomes.
- **Strong Partnership with Community Action in Poverty-Elimination:** With community and program data, transforming Community Action's Results-Oriented Management and Accountability (ROMA) in order to equip and align community action programs on eliminating the causes of poverty and to focus on *community-level* problem solving and systemic change.
- **Child Support Family Engagement Programs:** Collaborating with courts and community partners to provide resources that assist parents in overcoming barriers that prevent them from meeting their child support obligations.
- **Supplemental Nutrition Assistance and Employment and Training Programs:** Increasing participation of eligible low-income Virginians, especially families with children, in the Supplemental Nutrition Assistance Program (SNAP) while reducing dependency on public assistance by providing workforce training and job opportunities.
- **Eligibility Modernization/Technology Improvements:** Modernizing state administrative client 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. Includes modernizing both public assistance and child welfare information systems.
- **Data Analysis and Performance Management:** Training state and local DSS staff to "manage by data" (i.e., enhance and expand knowledge and use of data to improve program performance); establishing a structured data governance process that uses input from stakeholder communities to address data quality; conducting research to identify root causes and to inform decision making regarding changes in policy and practice; and enhancing the ability of knowledge workers to access data, conduct analysis, and publish reports.

Information Technology

VDSS is a major participant in several SHHR-sponsored enterprise-level IT projects. The projects leveraged 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 the U.S. Department of Agriculture Food Nutrition Service, key initiatives included development and implementation of the web-based Customer Portal and of a single case management system (Virginia Case Management System, or VaCMS) for public assistance programs (TANF, SNAP, Medical Assistance, Energy Assistance, and Child Care).

Eligibility Systems Modernization: In December 2012, VDSS awarded a contract to replace the Public Assistance eligibility determination legacy systems. This included use of a business rules engine to simplify rollout of future program changes, a document management system, and enhancements to the Customer Portal and state case management system, which was originally developed for the child care subsidy program. Between 2012 and 2016, federal and state funds were allocated for the Enterprise Delivery System Project, the largest software development effort ever undertaken by VDSS.

VDSS partnered with DMAS to accommodate changes in technology to support implementation of new Medicaid requirements and eligibility determination. Enhancements were made to VaCMS to incorporate case management for SNAP, TANF, Energy Assistance and all aid categories for Medical Assistance. ADAPT and the Energy Assistance legacy eligibility determination systems were retired by early 2017. The Eligibility Systems Modernization project was completed in April 2017.

Internally, the most recent focus has been on conversion of benefit program data from ADAPT and other legacy systems into VaCMS. Other projects involve application development and overall system modernization for other agency IT systems, including APECS (child support enforcement), the Appeals system, the Central Registry System (Background Investigations), the OASIS Service Plan system and Mobility Solution (child welfare).

For the upcoming biennium, VDSS will need to determine if additional funding is needed in support of the VITA-IT Sourcing program due to the costs of disentanglement with Northrop Grumman and a change of overall services.

Workforce Development

The VDSS workforce is older than the average for state employees, and could lose 25.9 percent of its classified employees by 2021 due solely to retirement. More than fifty percent of the workforce (53%) is 50 or more years old, while VDSS employees under 30 years old make up just 3.2% of the VDSS workforce.

In addition to the staffing challenges associated with retirements, VDSS will be faced with the need to be able to adapt more quickly to changing environments, to embrace the dynamic career demands of the emerging workforce, and to use technology to raise human performance. Employees' ongoing learning and development will be key to attracting and retaining employees and ensuring the agency's workforce is able to navigate functional and operational changes and provide superior support to local departments of social services and quality services to the citizens of Virginia

Strategies to respond to these challenges include:

- Developing a talent acquisition "brand" and enhancing the digital presence for recruiting, attracting and securing talents that match the Agency's business needs.
- Supporting business leaders' ability to retain talented employees and sustain long-term success through enhanced onboarding /orientation,

employee engagement and other retention focused efforts.

- Building the competencies of executives, managers and supervisors of VDSS and LDSS required to lead the business and manager the goals of the Commonwealth's social services system.
- Building the competencies of employees of VDSS and LDSS for professional and personal development.
- Implementing frameworks through which employees progress through a series of stages in their careers.
- Recognizing and rewarding work and behaviors that support and/or further the Agency's mission and goals.
- Enhancing the use of information technology and knowledge management tools to convert HR data into metrics for use in planning and decision making.

These are major initiatives that will develop and mature over several years. We will take advantage of opportunities for quick wins and develop priorities and implementation plans for the longer term.

Physical Plant

VDSS currently has 31 leases throughout the Commonwealth in support of its mission. The total annual lease cost is approximately \$10.4 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 and DRES continues to meet all established requirements and standards in providing reasonable accommodations, facilities, equipment and amenities that are suitable for employees and clients.

VDSS and DRES continue to 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, Regional, District, and Licensing offices.
