

# SENATE FINANCE COMMITTEE HEALTH AND HUMAN RESOURCES SUBCOMMITTEE

## Department of Social Services (DSS) Budget Overview and Recent Trends in Major DSS Program Areas

Department of Social Services Staff  
July 16, 2012

# Presentation Outline

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- DSS Budget Overview
  - ▣ J. R. Simpson
- Trends in Major DSS Program Areas
  - ▣ Administration – J. R. Simpson
    - Local Funding
    - IT Modernization Efforts
  - ▣ Child Welfare Services – Jack Ledden
    - Foster Care and Adoptions Subsidy Programs
    - Title IV-E Funding
    - Virginia Enhanced Maintenance Assessment Tool (VEMAT)
  - ▣ Self-Sufficiency Programs – Tom Steinhauser
    - TANF Overview
  - ▣ Child Care – Dottie Wells
    - Child Care Funding Overview and Waiting Lists
    - Child Care Automation

# DSS Budget Overview

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- The DSS Budget is one of the five largest in State Government
- Funding for the Department's budget consists of state, federal, special and local funds
- During SFY11, Department funding drew upon 37 different federal funding streams
- The statewide economic impact from Department funding and programs for which the Department determines eligibility for exceeds \$8B

# DSS Budget Overview

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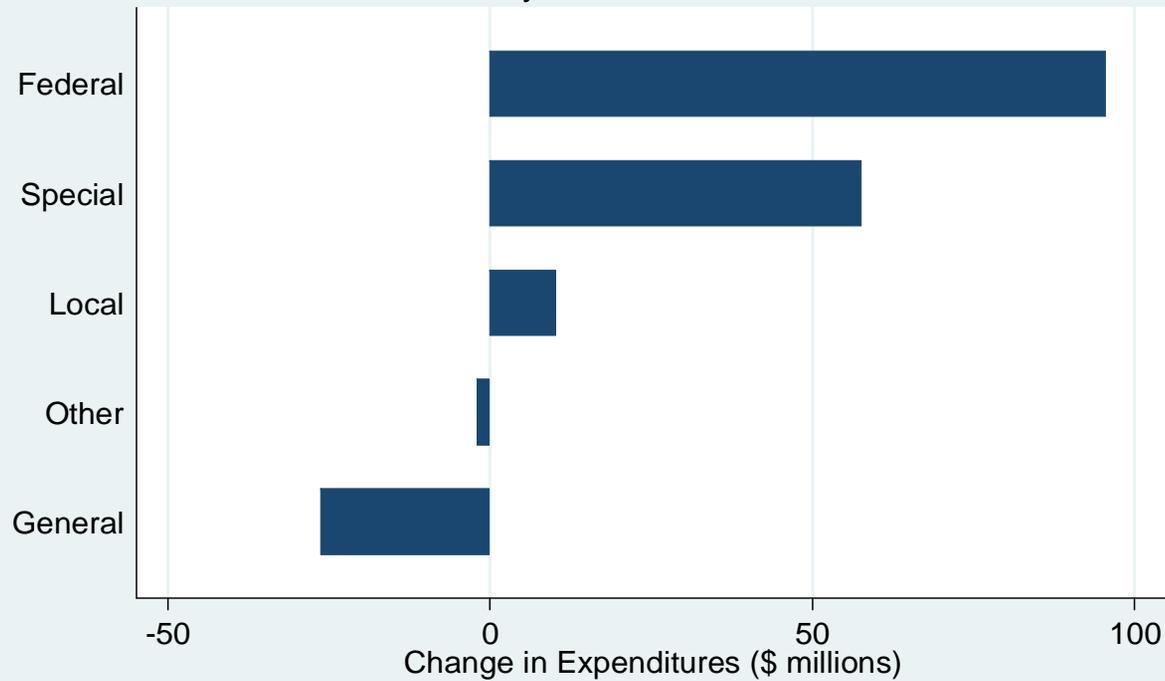
## SFY11 Spending By Fund Source

□ Federal block grants	\$ 464M	22%
□ Federal entitlements	\$ 298M	15%
□ Special/CSE	\$ 672M	33%
□ General	\$ 384M	19%
□ Local Match	\$ 211M	11%
□ <u>Other</u>	\$ 8M	<1%
□ Total Spending	\$2.037B	100%

# DSS Budget Overview

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Change in VDSS Expenditures SFY 2008-2014  
By Source



Source: VDSS Division of Finance

# DSS Budget Overview

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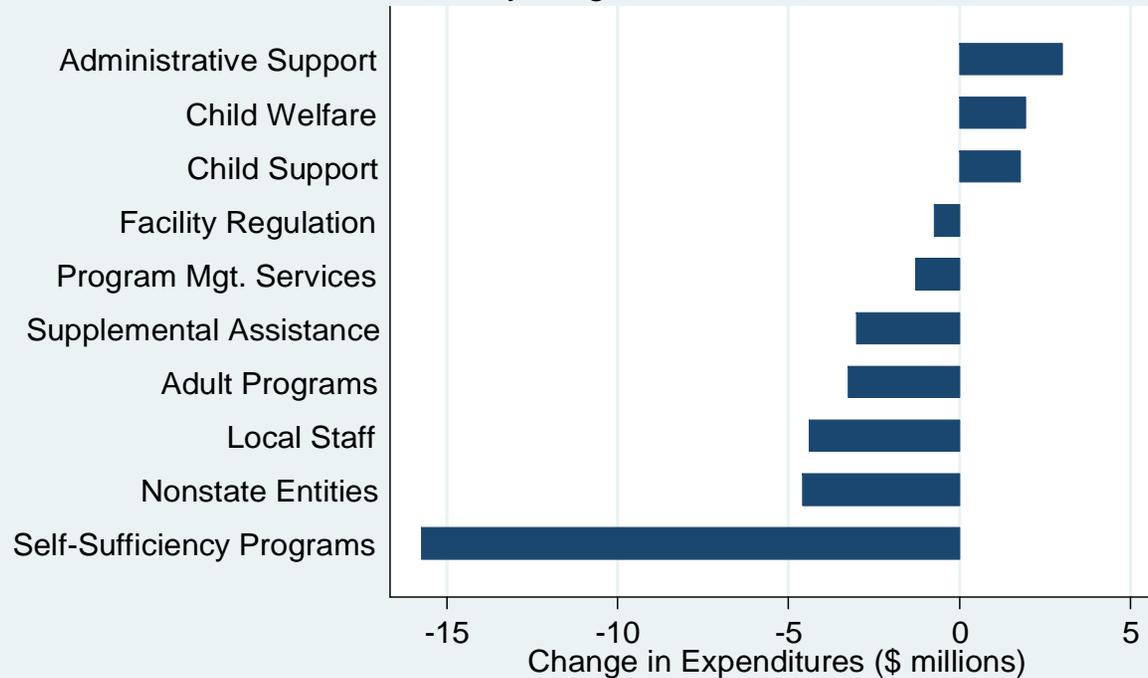
## Four Year Spending Trend

	<b>SFY 08</b>	<b>SFY09</b>	<b>SFY10</b>	<b>SFY11</b>
<b>Federal</b>	<b>\$663M</b>	<b>\$768M</b>	<b>\$803M</b>	<b>\$762M</b>
<b>General</b>	<b>\$411M</b>	<b>\$381M</b>	<b>\$388M</b>	<b>\$384M</b>
<b>Local</b>	<b>\$202M</b>	<b>\$209M</b>	<b>\$205M</b>	<b>\$211M</b>
<b>CSE</b>	<b>\$644M</b>	<b>\$658M</b>	<b>\$655M</b>	<b>\$667M</b>
<b>Other</b>	<b><u>\$ 28M</u></b>	<b><u>\$ 31M</u></b>	<b><u>\$ 31M</u></b>	<b><u>\$ 13M</u></b>
<b>Total</b>	<b>\$1.95B</b>	<b>\$2.05B</b>	<b>\$2.08B</b>	<b>\$2.04B</b>

# DSS Budget Overview

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Change in VDSS General Funds Expenditures SFY 2008-2014  
By Program



Source: VDSS Division of Finance

# DSS Budget Overview

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## SFY11 Spending By Program Area

□ Child Support Enforcement	\$731M	36%
□ Local Department Operations	\$555M	28%
□ Self-Sufficiency	\$299M	15%
□ Child Welfare Services	\$160M	8%
□ Supplemental Assistance	\$ 71M	4%
□ Administration and Support*	\$ 64M	3%
□ Adult Programs	\$ 45M	2%
□ Non-state entities	\$ 36M	2%
□ Program Management	\$ 33M	2%
□ Facility Regulation	\$ 14M	1%

\*includes \$39M in VITA service payments

# DSS Budget Overview

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## SFY11 GF Spending By Program Area

□ <b>Local Department Operations</b>	<b>\$116M</b>	<b>30%</b>
□ <b>Self-Sufficiency</b>	<b>\$ 95M</b>	<b>25%</b>
□ <b>Child Welfare Services</b>	<b>\$ 86M</b>	<b>22%</b>
□ <b>Administration and Support*</b>	<b>\$ 30M</b>	<b>8%</b>
□ <b>Adult Programs</b>	<b>\$ 24M</b>	<b>6%</b>
□ <b>Program Management</b>	<b>\$ 15M</b>	<b>4%</b>
□ <b>Child Support Enforcement</b>	<b>\$ 6M</b>	<b>2%</b>
□ <b>Non-state entities</b>	<b>\$ 5M</b>	<b>1%</b>
□ <b>Facility Regulation</b>	<b>\$ 4M</b>	<b>1%</b>
□ <b>Supplemental Assistance</b>	<b>\$ 2M</b>	<b>1%</b>
□ <b>Totals</b>	<b>\$384M</b>	<b>100%</b>

\*includes ~\$18M in VITA service payments

# DSS Budget Overview

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## Concerns

- Federal Budget Deliberations
  - ▣ Sequestration
  - ▣ Block Granting
  - ▣ Further Reductions Possible
  - ▣ Deficiency in financial support for local operations
- Child Welfare Services Cost Increases
- Public Assistance Caseload Increases

# Trends in Major DSS Programs

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- Funding Provided to Local Operations
  - \$243 million (44%) - Federal
  - \$195 million (35%) - Local match
  - \$116 million (21%) - GF
  - \$ 1 million (<1%) - Fraud Recovery SF
  - \$555 million (100%)- Total



# Trends in Major DSS Programs

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- Child Welfare Services
  - ▣ Foster Care Program
  - ▣ Adoption Subsidy Program
  - ▣ Virginia Enhanced Maintenance Assessment Tool
  - ▣ Title IV-E Funding

# Child Welfare Services: 2008 - 2011

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- Goals of Child Welfare Transformation Over the Past Five Years
  - ▣ Decrease the number of children in foster care
  - ▣ Decrease the number of children in congregate care settings
  - ▣ Increase the number of children who are adopted
  - ▣ Increase the use of federal funds to support adoption while decreasing state funds for adoption

# Foster Care

- 24-hour substitute care for children placed away from their parents for whom the local board has placement and care responsibility.
- Placements may be made in foster family homes, foster homes of relatives, pre-adoptive homes, group homes, emergency shelters, residential facilities, and child care institutions.

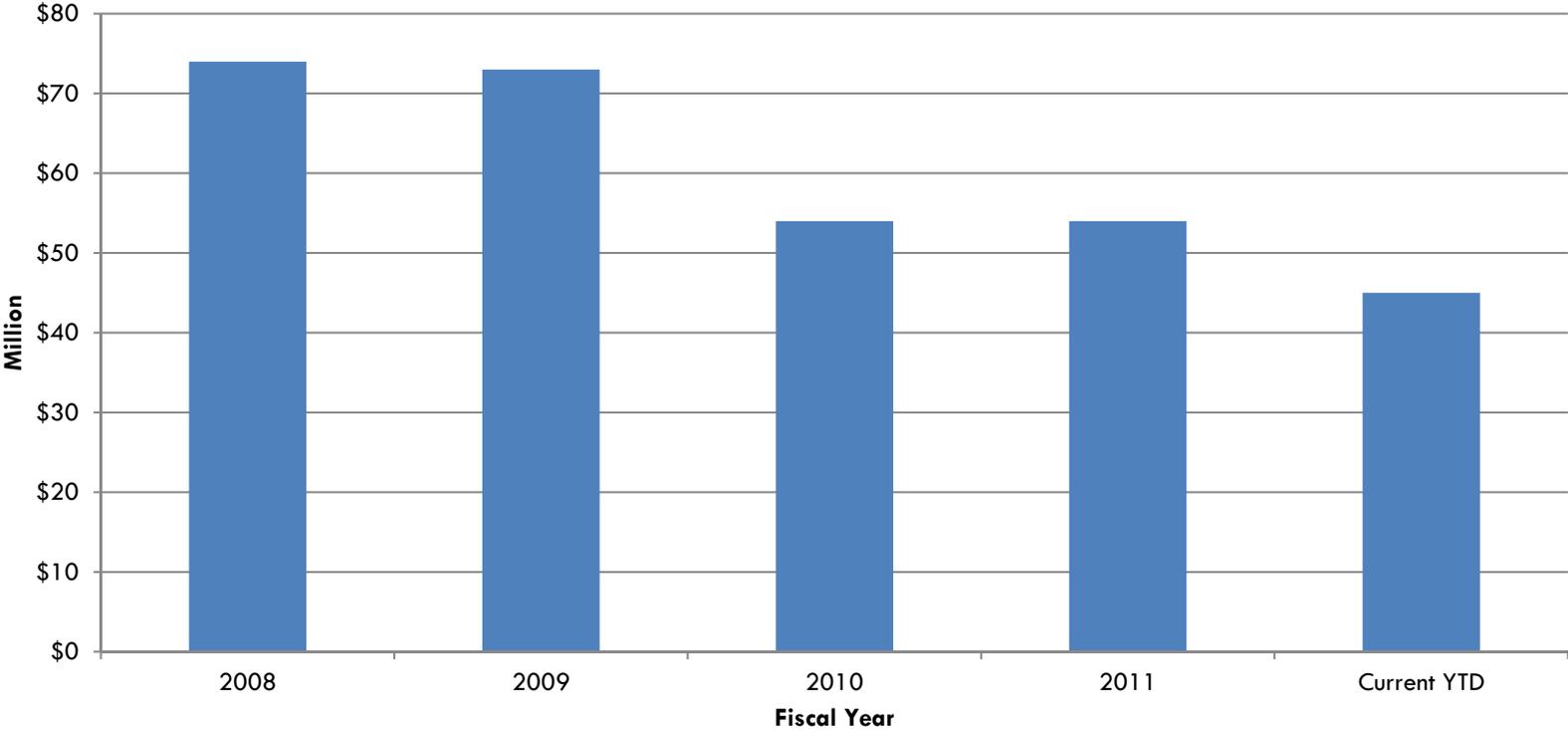
# Foster Care Population

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<b>SFY</b>	<b>FC # Children in Care/June 30</b>
<b>2011</b>	5,085
<b>2010</b>	5,643
<b>2009</b>	6,424
<b>2008</b>	7,764

# Title IV-E

### Title IV-E Foster Care Expenditures (BL 811)



# Adoptions

- The intent of the goal of adoption is to achieve a permanent home for a child through adoption.
- The purpose of adoption assistance is to facilitate adoptive placements and ensure permanency for children with special needs.
- “Special needs” means a factor exists (e.g. disability, age) that makes the child less likely to be adopted without financial assistance.

# Types of Adoption Payments

Three types of payments can be made for an eligible child:

- ❑ Nonrecurring expenses of adopting a child with special needs (e.g., legal fees) that are paid by Title IV-E;
- ❑ Maintenance payments which may be paid through Title IV-E or state funds depending on eligibility; and
- ❑ Special service payments made by state funds to help meet the child's physical, mental or emotional needs.

# Types of Adoption Payments

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SFY	Total # Title IV-E Adoption Assistance	Total # State Adoption Assistance
2011	4,802	1,383
2010	4,586	1,319
2009	4,582	1,340
2008	4,386	1,270

## Adoption Assistance Expenditures



# Virginia Enhanced Maintenance Assessment Tool -- VEMAT

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- The VEMAT is used to assess a foster child's need for additional daily support and supervision (ADS).
- Foster or adoptive parents may receive an enhanced maintenance payment if the child's score on the VEMAT indicates there is a need for ADS.
- The VEMAT sets a consistent enhanced rate for the state and by doing so, allows Virginia to claim federal Title IV-E funds for these rates. Until 2009, most of these enhanced rates were paid from state and local funds.

# Range of Payments

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## Basic Maintenance Rates (BL811)

Age of Child	Monthly Maintenance Cost
0-4	\$448
5-12	\$525
13-17	\$666

## VEMAT Rates

Number of Children who received VEMAT (2011)	Range of VEMAT Rates	Average VEMAT
3333	\$320 - \$2880	\$1377

# Title IV-E

- **Title IV-E:** federal program administered by state and local public child welfare agencies that is for poor children. The program is an open-ended entitlement funded with a combination of federal and state/local matching funds and is authorized under Title IV-E of the Social Security Act. (CWLA, 2012.)
  
- **Title IV-E pays for**
  - ▣ maintenance
  - ▣ day care
  - ▣ visitation and education related transportation for IV-E eligible children.
  
- **Comprehensive Services Act (CSA) funding stream is the primary funding stream for a youth not eligible for Title IV-E.**

# Title IV-E

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- **Agency Reviews:** 77 LDSS' (1009 cases) received reviews by June 2012. Target completion of all LDSS' is October 2012.
- **Moving Forward: Locally Administered ~ State Supervised Partnership**
  - The Quality Assurance and Accountability (QAA) Team (April 2012)
  - CGI
  - Additional contract employees
  - The Knowledge Center & SPARK
  - Certification of LDSS internal review of 100% cases
  - IV-E Review Committee – Joint VDSS and LDSS
  - Automating IV-E determination with a technological solution
  - On-going compliance monitoring utilizing a risk-based assessment protocol and training

# Trends in Major DSS Programs

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- Self-Sufficiency Programs
  - ▣ TANF Overview
  - ▣ Supplemental Nutrition Assistance Program (SNAP)
  - ▣ UP
  - ▣ Energy Assistance

# Temporary Assistance to Needy Families (TANF)

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- TANF is the cornerstone of federal welfare reform and is funded through a block grant
- TANF was implemented in 1997, two years after Virginia implemented its state welfare reform initiative, the Virginia Independence Program
  - Virginia receives \$158 million federal grant
  - Must match with state maintenance of effort (MOE) - \$128 million - which is 75% of the state's 1994 welfare spending
  - State's that fail to meet their work participation targets must increase their MOE to 80% of 1994 welfare spending - in Virginia this would be an additional \$8 million

# TANF

- TANF income eligibility threshold is about 20% of the federal poverty limit (\$320 for a family of 3)
- Virginia's benefits are 15<sup>th</sup> lowest in the nation, only states like Mississippi, South Carolina, and Georgia being lower
- By comparison, in 2011 Virginia ranked 7<sup>th</sup> highest in per capita income according to Virginia performs

# TANF

- TANF caseload went from a high of 70,797 in June 1995 when welfare reform was implemented to a low of 29,404 in March of 2008
- The caseload increased by nearly 26 percent from March 2008 to 37,121 in November 2010 as a result of the economic downturn
- Since November 2010 it has decreased by nearly 13 percent; the May caseload was 32,459

# TANF

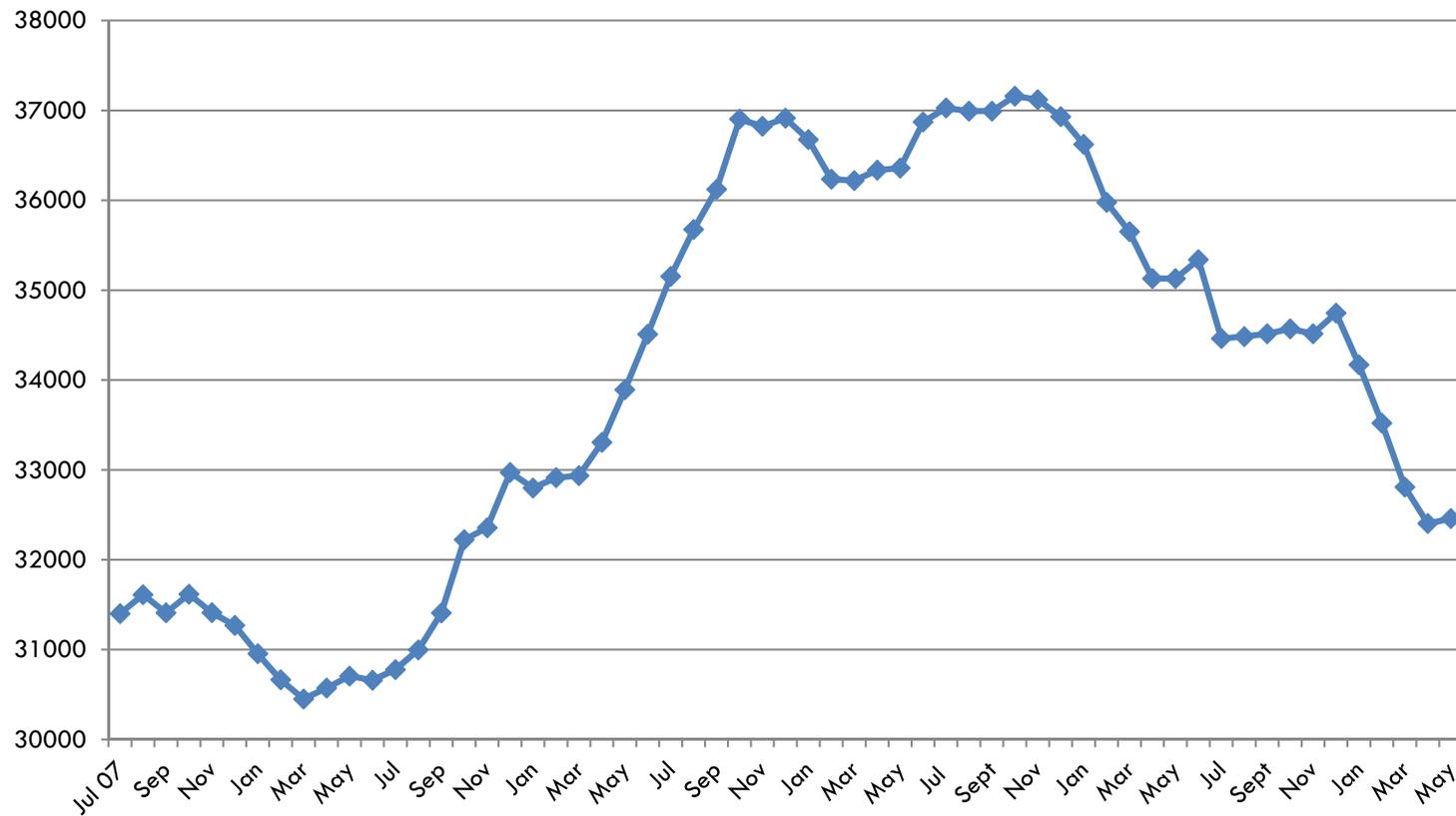
- Benefit expenditures in May 2012 were \$8,253,483 down from \$9,672,943 on November 2010.
- Due to the elimination of the Child Support Supplement effective July 1 2011, the average grant decreased from \$266.31 to \$259.79.
- Total TANF expenditures for SFY 12 were \$104M.

# TANF

- There is currently a structural imbalance in funding for the TANF Program.
- For FY 12, the TANF funded programs were budgeted at \$169.8 million compared to the \$158.2 million block grant.
- Cash assistance was under spent by nearly \$6 million.
- The projected TANF cash reserve is projected to be just over \$14 million when the FY 12 books are closed.

# TANF Caseload

**TANF Caseload  
July 2007 - May 2012**



# TANF

- ❑ States must meet a 50 percent work participation rate (WPR) in order to avoid federal sanctions.
- ❑ The poor economy has had a significant impact on the active VIEW Work Participation Rate. The WPR for April 2012 was 38 percent.
- ❑ However, the WPR for the VIEW Transition Payment cases was 92 percent resulting in an overall WPR of 45 percent.
- ❑ In 2009, the national average WPR was 29.4%, Virginia's was 44.3%.

# TANF

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- In April, 175 households received Diversionary Assistance (less than 1/2 percent of the caseload.)
- This compares to 335 households that received Diversionary Assistance in June 2009, the month before HB 1714 was implemented.
- Less than 15 percent of receive Diversionary Assistance more than once.

# Unemployed Parent

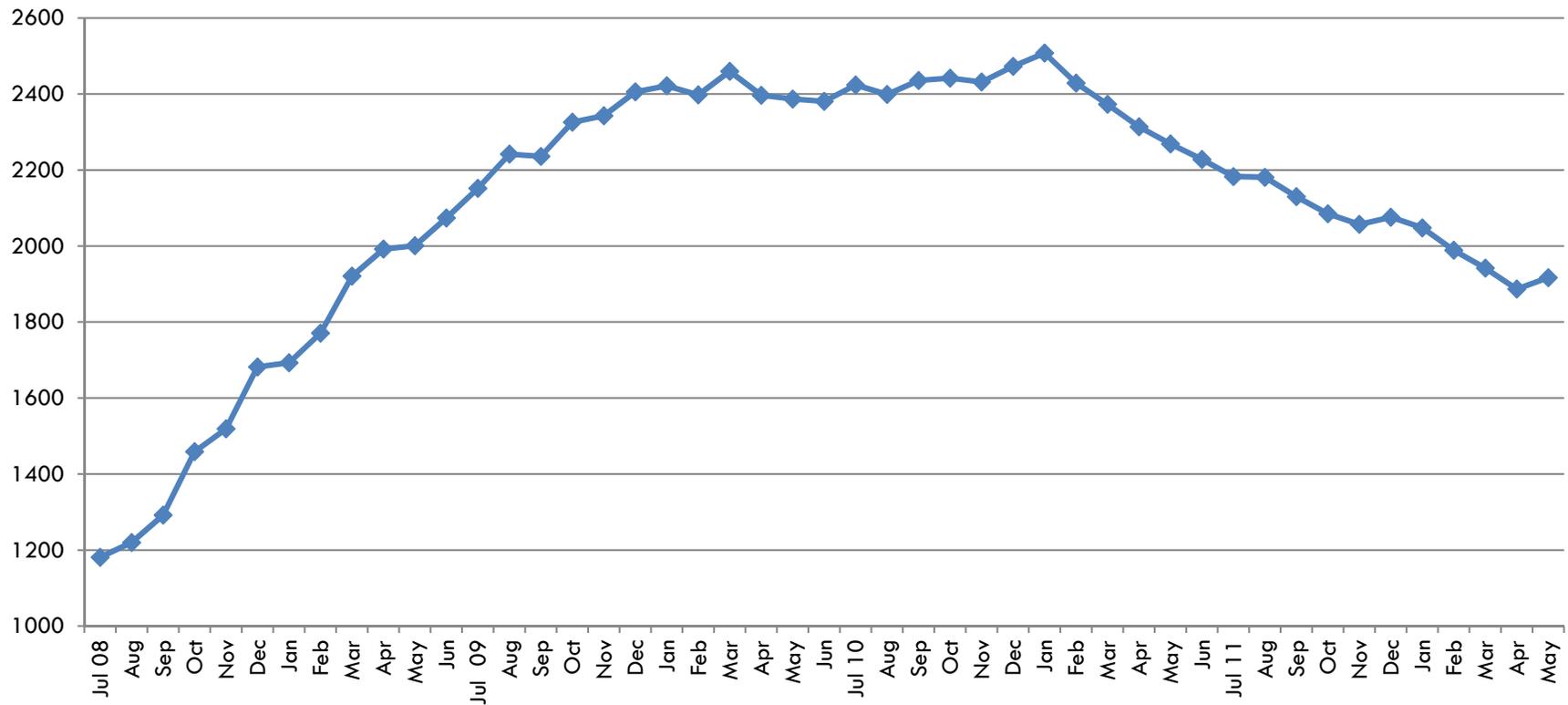
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- The Unemployed Parents (UP) program provides assistance to families where both parents are in the home.
- Funded with General Funds in order to avoid fiscal sanctions associated with the 90% work participation rate requirement; FY 12 expenditures were just under \$10 million.
- The UP caseload more than doubled from July 2008 to January 2011; since January there has been nearly a 24 percent decrease in the caseload.

# UP Caseload

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## UP Caseload



# TANF

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## Estimates of Average Length of Stay (LOS) for Virginia TANF Clients by Program Category

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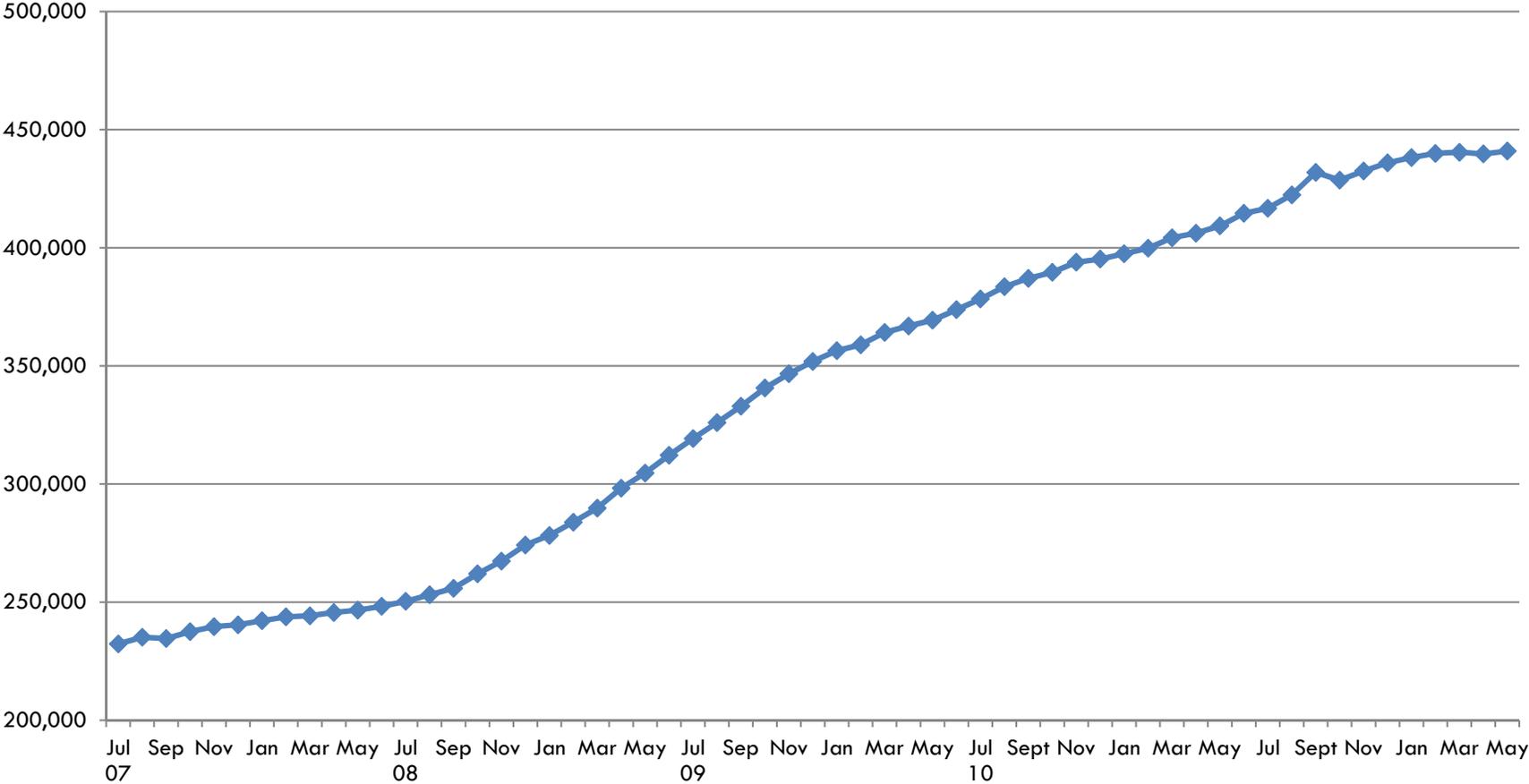
<b>Program</b>	<b>Mean LOS</b>	<b>Median LOS</b>
<b>TANF</b>	22	15
<b>TANF-UP</b>	17	10

# SNAP

- The SNAP caseload has increased by over 90 percent from July 2007; currently over 440,000 SNAP households (nearly 914,000 individuals) more than 1 of every 10 Virginians
- The rate of growth has slowed from just under 3 percent per month in April 2008 to less than 0.5 percent today; however, we continue to add cases each month.

# SNAP Caseload

### SNAP Caseload



# SNAP

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- In April 2009, the benefits were increased in response to ARRA; however, eligibility rules did not change. The change in the benefit structure increased monthly expenditures by approximately \$15M per month.
- The intent was to stimulate the economy through increased spending on food; every \$5 in SNAP purchases generates \$9.20 in total economic activity in a community.
- The Senate version of the Farm Bill will roll benefits back to pre-ARRA levels.
- ARRA also waived the work participation requirement for able-bodied adults through September 30, 2012.

# SNAP

- ❑ SNAP Employment and Training (SNAPET) is designed to provide food assistance recipients with opportunities that will help lead to paid employment.
- ❑ There are two funding sources: 100 percent federal funds and 50/50 funds; the total appropriation for both funding sources for purchased services is just under \$900K.
- ❑ Of the total purchased services appropriation, only \$240K is 50/50 funds; transportation must be paid with 50/50 funds.
- ❑ There are 22 local departments of social services covering 25 localities that provide a multitude of services through SNAPET.

# Low Income Home Energy Assistance

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- Funded through a federal block grant
- FFY 2011 \$107.2 million (multiple extensions to the CR final federal app April, HHS allocations finalized May 2011)
- Fuel: 144,726 households, \$38.9 million
- Crisis: 26,041 households, \$9.7 million
- Cooling: 71,769 households, \$24.2 million
- For 2012, the program was funded at \$3.46 billion, Virginia's block grant was reduced to \$80 million

# Low Income Home Energy Assistance

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- The Senate Labor-HHS-Education Subcommittee held a markup of their FY2013 Appropriations bill in early June. The bill provided \$3.47 billion for LIHEAP for FY 2013, the same level as provided for FY 2012.
- This compares to the \$5.1 billion appropriated in 2009 when Virginia received \$128 million.
- The President's FY 2013 budget provides \$3.02 billion for LIHEAP.
- The House has not acted.

# Trends in Major DSS Programs

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- Child Care
  - Program Funding
    - VIEW
    - At-Risk
  - Waiting List
  - Automation

# Child Care & Early Childhood Development

## *Availability, Affordability, Quality*

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- Federal Child Care and Development Fund (CCDF)
  - ▣ Major funding source for Virginia's Child Care and Development programs.
  
- Purpose of CCDF is to increase:
  - ▣ Availability
  - ▣ Affordability
  - ▣ Quality of Child Care

# CCDF Funding

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- Three Categories of CCDF Funding
  - ▣ **Mandatory Funds** - 100% federal funds. State matching funds are not required.
  - ▣ **Matching Funds** - State expenditures must exceed the required MOE before draw down of federal Matching funds.
  - ▣ **Discretionary Funds** - 100% federal funds. State matching funds are not required. Funds transferred from TANF to CCDF become Discretionary funds.

Funds from these three categories combined are Virginia's CCDF federal award.

# CCDF Funding Requirements

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## **Of the aggregate amount of Discretionary, Mandatory, and Federal and State share of Matching Funds:**

- Not less than 70% of the Mandatory and Matching Funds shall be used to meet the child care needs of families who:
  - ▣ Are receiving assistance under a State program under Part A of title IV of the Social Security Act,
  - ▣ Are attempting through work activities to transition off such assistance program, and
  - ▣ Are at risk of becoming dependent on such assistance program
- No less than four percent shall be used for activities to improve the quality of child care.
- No more than five percent may be used for administrative activities.

# Child Care Subsidy Program

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## □ **Mandated Services**

- **TANF Child Care** – Subsidies for TANF recipients to seek and obtain employment. Families have no co-payment.
- **Transitional Child Care** – Subsidies to income-eligible former TANF recipients for up to 12 months to support employment. Family co-payment of 10% of gross monthly income.
- **Head Start Wrap-Around Child Care** – Subsidies for eligible Head Start families for care beyond core Head Start hours. No co-payment if income is below FPL.

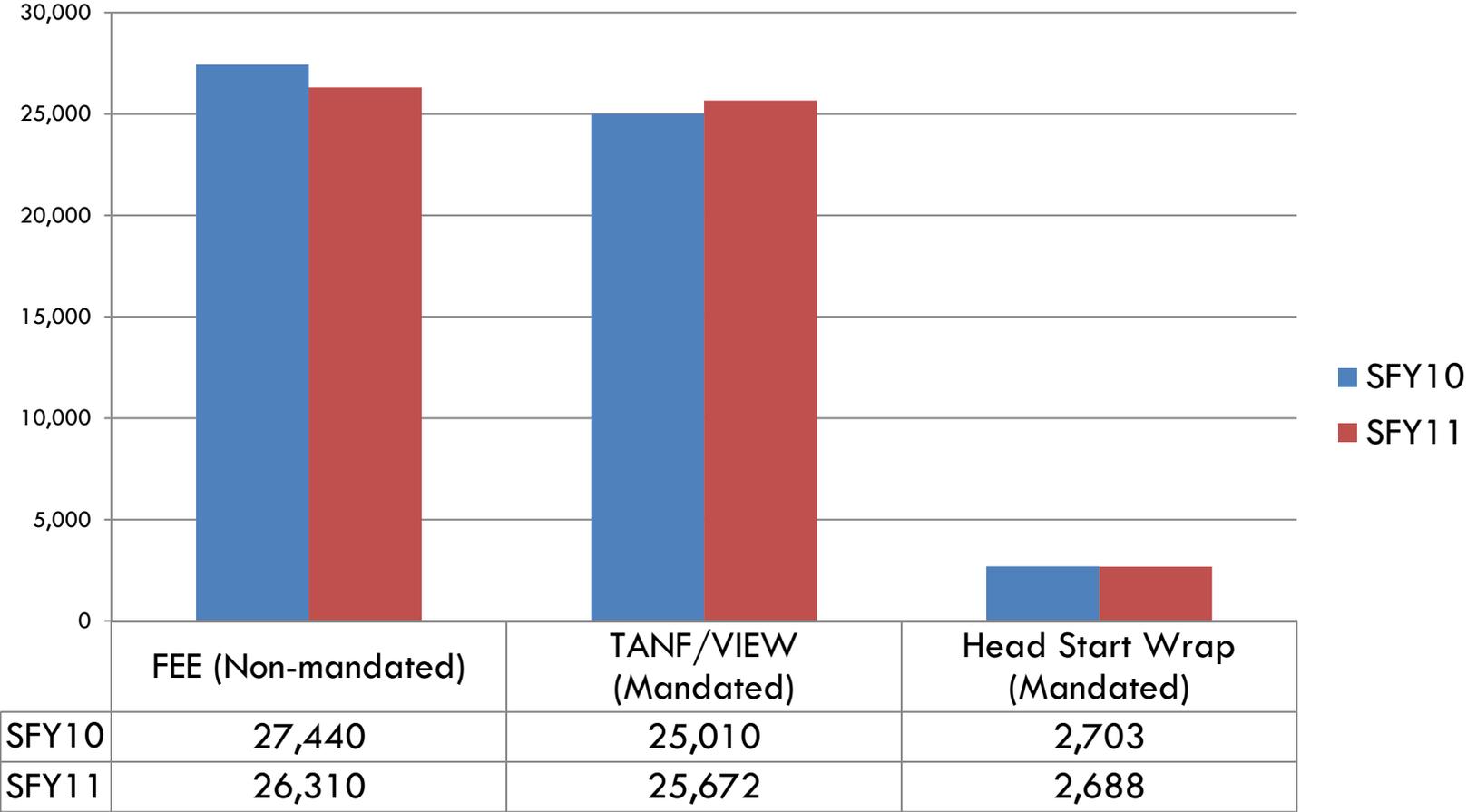
# Child Care Subsidy Program

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- **Non-Mandated Services**

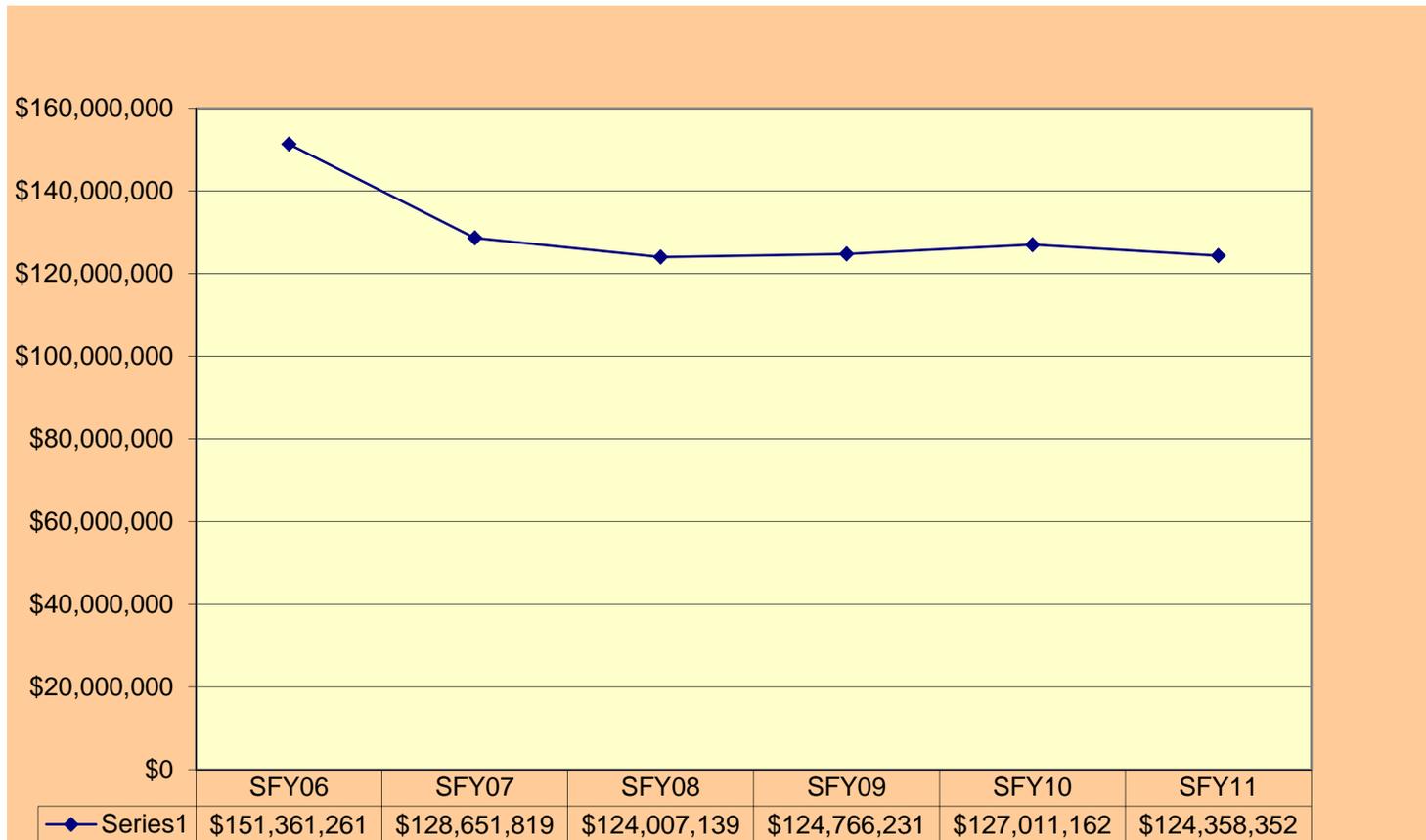
- **Fee Child Care** – Subsidies to income eligible non-TANF families to the extent of available funding. Family has 10% co-payment.

# Child Care & Early Childhood Development – Children Served by Category for SFY 2010 and 2011



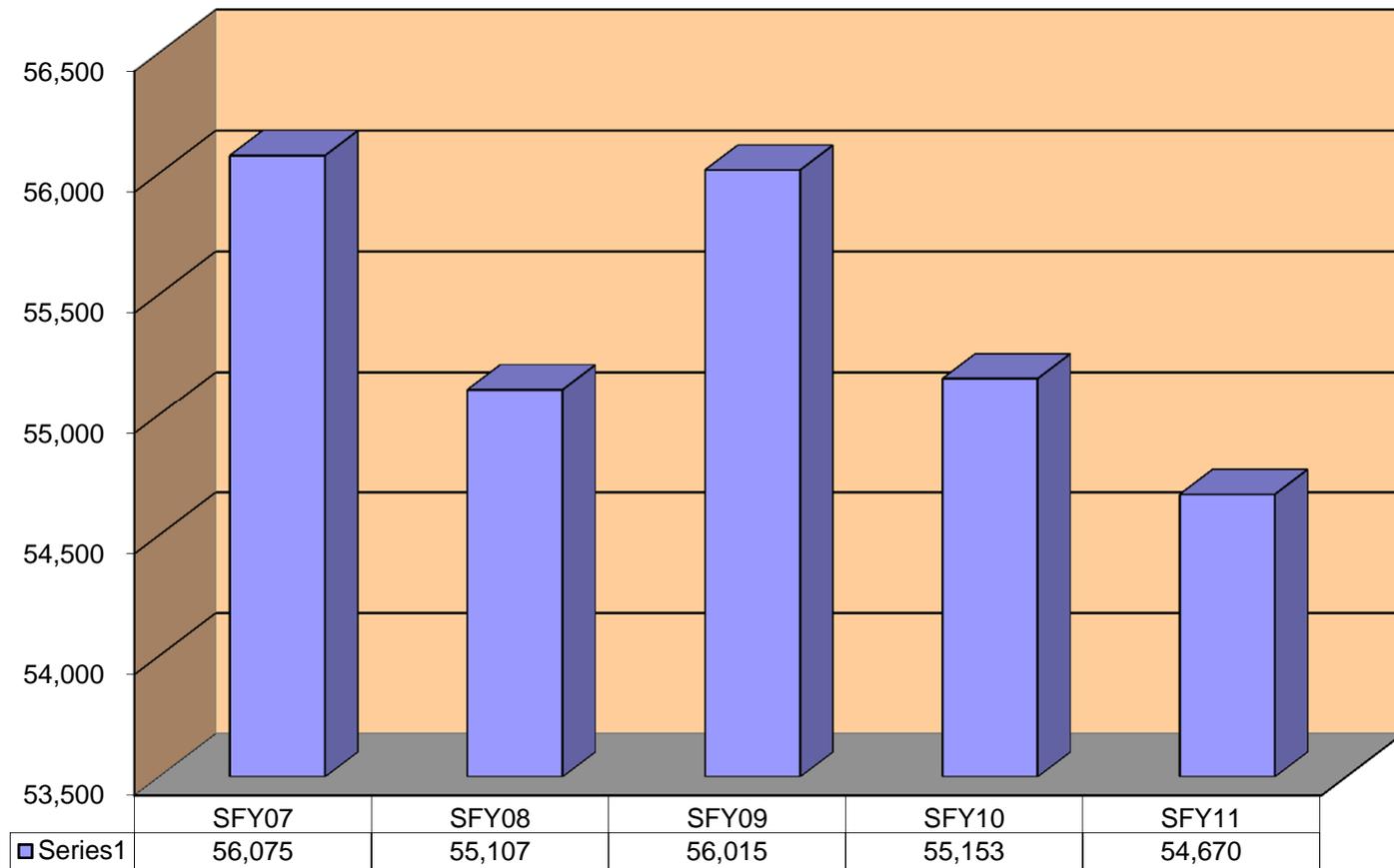
# Child Care & Early Childhood Development Dollars Spent for Child Care Subsidies

50



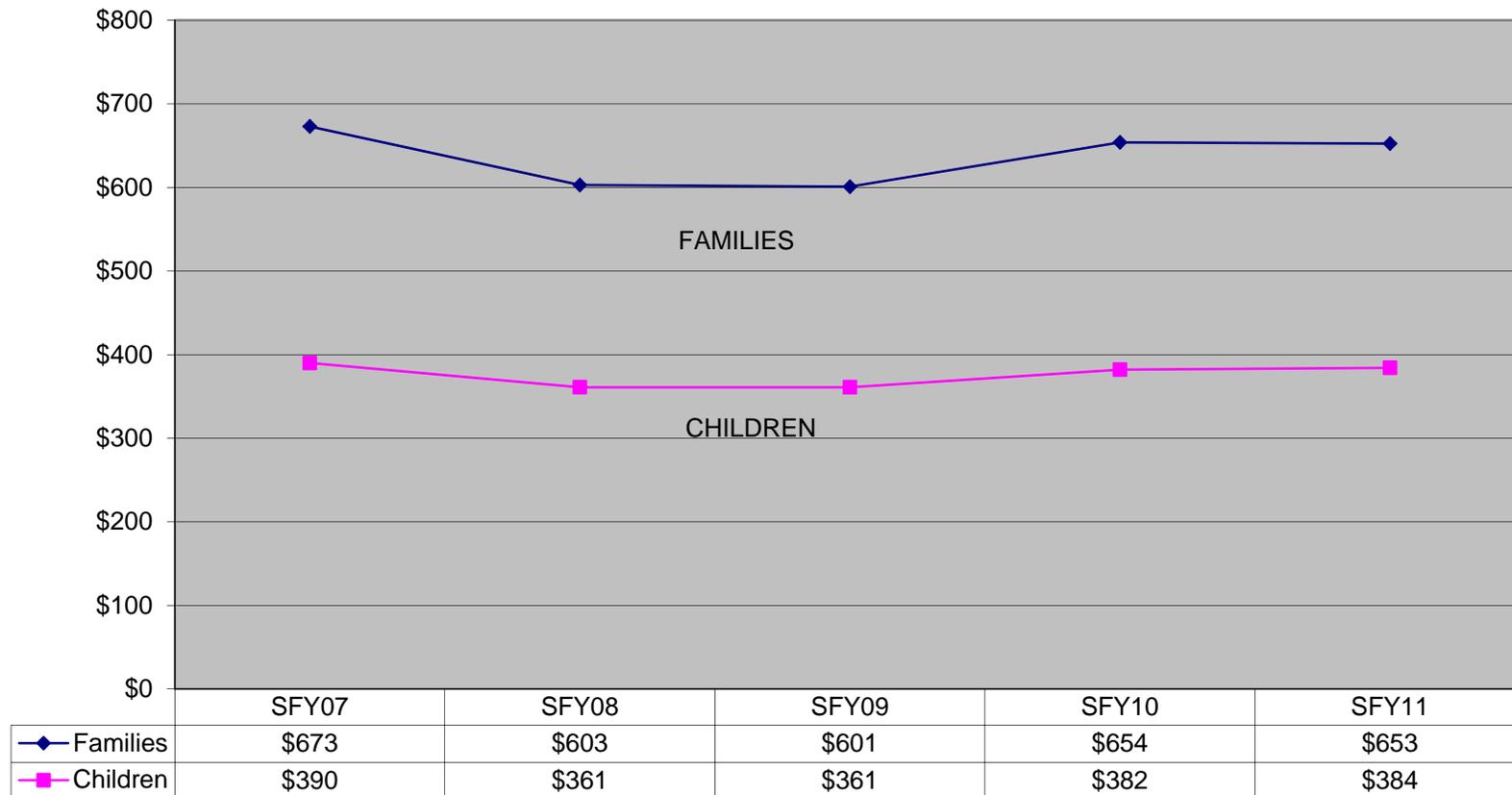
# Child Care & Early Childhood Development Children Served by the Subsidy Program

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# Child Care & Early Childhood Development Average Monthly Cost of Care

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# Waiting List

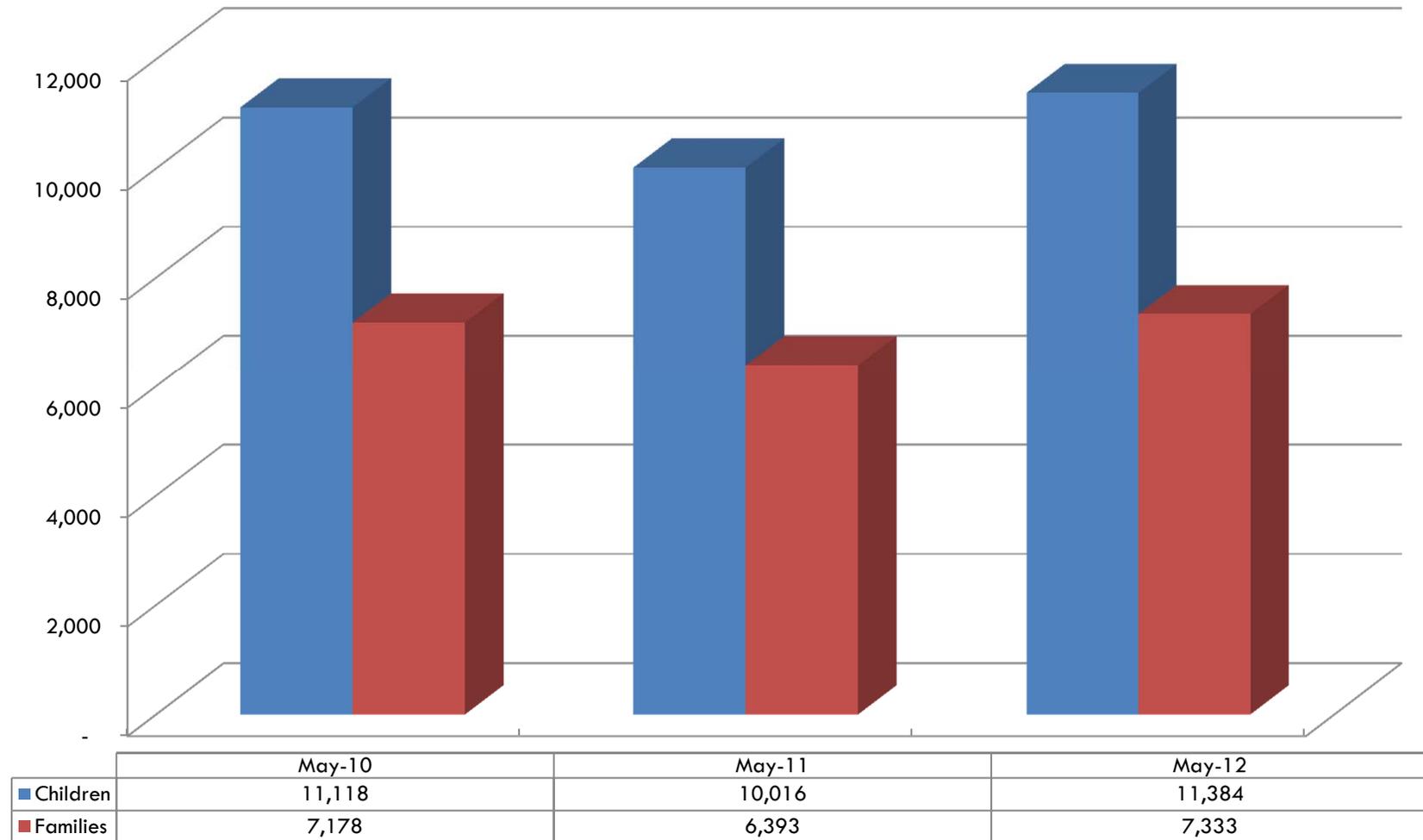
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## □ Needs exceed funding

- As of May 31, 2011, there were 6,393 families and 10,016 children (Non-TANF) waiting for services.
- As of May 31, 2012, there were 7,333 families and 11,384 children waiting for services. This represents a 15% and 14% increase, respectively.
- Local departments may set waiting list priorities.
  - Child Protective Services
  - High School students
  - Risk of unemployment, for example

# Waiting List

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# Child Care & Early Childhood Development

## Child Care Automation Highlights

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- Six local departments piloted the VaCMS automated system in August 2011.
- Statewide conversion to VaCMS implemented in waves:
  1. October 2011
  2. November 2011
  3. December 2011
  4. Fairfax converted in June 2012
- Electronic Child Care swipe card period began September 1, 2011, and implemented statewide in waves also.
- VaCMS Project costs = \$22M (primarily ARRA).

# Program Challenges: Subsidy, Waiting Lists, and Quality

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- Implement timely subsidy payments and reduced paperwork through a **comprehensive automated system** and **electronic benefits**.
- Implement **strategies to maximize the number of children and families served** by the subsidy program when state and local financial resources are limited.
- **Increase consumer choice / flexibility** for more service options through Provider Rates.
- Improve **quality** of child care through a Quality Rating & Improvement System (QRIS).
- Use data to drive funding and programmatic decisions.

# Questions

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J. R. Simpson

Chief Financial Officer

Virginia Department of Social Services

(804) 726-7204

[j.r.simpson@dss.virginia.gov](mailto:j.r.simpson@dss.virginia.gov)

Dottie Wells

Director, Division of Child Care and Early  
Child Development

Virginia Department of Social Services

(804) 726-7639

[dottie.wells@dss.virginia.gov](mailto:dottie.wells@dss.virginia.gov)

Thomas J. Steinhauser

Director, Division of Benefit Programs

Virginia Department of Social Services

(804) 726-7362

[tom.steinhauser@dss.virginia.gov](mailto:tom.steinhauser@dss.virginia.gov)

Jack Ledden

Director, Division of Family Services

Virginia Department of Social Services

(804) 726-7501

[jack.ledden@dss.virginia.gov](mailto:jack.ledden@dss.virginia.gov)