

**REPORT OF THE  
JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMISSION**

# **Operation and Performance of Virginia's Social Services System**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



## **HOUSE DOCUMENT NO. 75**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2005**

## In Brief...

### Operation and Performance of Virginia's Social Services System

The 2004 General Assembly directed JLARC staff to conduct a review of the operation and performance of Virginia's social services system. Funding for locally-administered programs was \$1.14 billion in FY 2005. Over the last five years, caseloads and funds for most locally-administered programs have increased. Virginia's performance compared to State targets and federal requirements is mixed.

During this review, JLARC staff found that Virginia's locally-administered system has a number of strengths, but that improvements are needed. For example, the current process to provide local administrative funds does not consider caseloads or the ability of local governments to provide funds. Statewide, departments face retirement challenges and some experience recruiting and retention difficulties. State-provided IT systems leave gaps in local needs, but several recent systems show signs of improvement amid planning for a large-scale IT investment that requires caution. Overall, the State narrowly interprets its statutory supervision and support responsibilities, which results in several weaknesses. Finally, the State has initiatives underway that may address some issues identified in this report. However, these should be coordinated with the JLARC staff recommendations by a commission or task force that creates a comprehensive improvement plan.

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## Preface

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House Joint Resolution 193 enacted by the 2004 General Assembly directed JLARC staff to study the operation and performance of the Commonwealth's social services system. JLARC staff surveyed all 120 local departments of social services; conducted site visits and phone interviews with 27 local departments; analyzed financial, human resources, caseload, and performance data; and held numerous interviews with State DSS and other State agency staff.

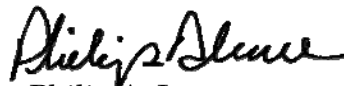
The study found that Virginia's locally-administered system allows local departments to tailor program strategies and operations to meet local needs, and develop key relationships with other local organizations, such as the court system. However, some local departments lack access to important resources, such as funding, and capabilities, such as planning and management. Some departments also fall well below performance targets or requirements in multiple program areas.

The study found several resource issues that need attention. Local governments are providing an increased share of administrative funding, and some departments have imbalances between the administrative funds they receive and the caseload they manage. In addition, the system faces human resource challenges with a growing number of directors eligible to retire and difficulties with recruitment and retention. While some aspects of information technology that supports the social services system appear to be improving, planning and oversight for a large-scale IT system have been questionable.

The study further found weaknesses in State supervision and support provided to local departments, including ineffective data collection and analysis, and coordination in support of local operations. The decline of the State DSS regional structure has also contributed to weak communication and oversight. These problems have been exacerbated by recent turnover in the DSS commissioner position.

The study recommends comprehensive changes to address these issues and others. The State DSS has several initiatives underway that if successful may address some of the concerns identified. However, because of the longstanding and complex nature of many of these problems, and the importance of involving top leadership and State and local stakeholders, a commission or task force is needed to develop a comprehensive improvement plan.

On behalf of the JLARC staff, I would like to express my appreciation to both the State Department of Social Services and local departments of social services throughout the Commonwealth for their assistance during this study.



Philip A. Leone  
Director

October 12, 2005



# JLARC Report Summary

## Operation and Performance of Virginia's Social Services System

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Virginia has a state-supervised, locally-administered social services system. The State's Department of Social Services (DSS) provides supervision and management support to 120 local departments that administer the vast majority of the State's more than 50 social services programs. These programs are primarily aimed at determining eligibility for benefit programs, such as the Food Stamp program, and providing support or protection to Virginia's vulnerable adults and children through programs such as foster care. In nearly all locally-administered program areas, Virginia's caseloads have increased in the last five years, driving an increase in funding for these program areas. Total funding for the system in FY 2005 (excluding the State-administered child support and licensing programs) was approximately \$1.1 billion, about 56 percent of which came from federal funds. State general funds and local government funds comprised 27 and 15 percent, respectively. Virginia's performance in these program areas is generally mixed when compared to State performance targets and federal requirements.

House Joint Resolution 193, enacted by the 2004 General Assembly, directs JLARC to study the operation and performance of the Commonwealth's social services system. Consequently, JLARC staff considered research issues addressing State supervision, local resources and performance, and management and support. Key research methods included quantitative analysis of social services funding, caseload, performance, and human resource data; interviews with numerous State DSS staff, and directors, front-line workers, and administrative staff at 27 local departments; and a comprehensive survey of all local departments.

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### **Locally-Administered Structure Is Strength of System, but Some Local Departments Struggle**

A major strength of Virginia's social services system is its locally-administered structure. Chief among the benefits of this system is the operational flexibility that local departments exercise and the local relationships and partnerships they develop. For example:

- Local departments can tailor program strategies to meet local needs. The different population and economic characteristics of Virginia's localities mean that different ap-

proaches are needed to be successful in many program areas. For example, the service and information-based economy of Northern Virginia means that citizens need different skills to secure and maintain employment than they might in the more seasonal economy of parts of southside Virginia.

- Local department directors and staff develop important working relationships with other local government organizations and decision-makers. For example, the legal aspects of child protective services (CPS), foster care, and adoption require local staff to routinely attend and testify at court proceedings. Over time, these staff develop important relationships with judges, court staff, and members of the law enforcement community, that enable collaboration necessary to identify solutions in the interest of children and families.

However, in Virginia's locally-administered system some departments lack access to critical resources, such as staff expertise or opportunities for coordination. For example:

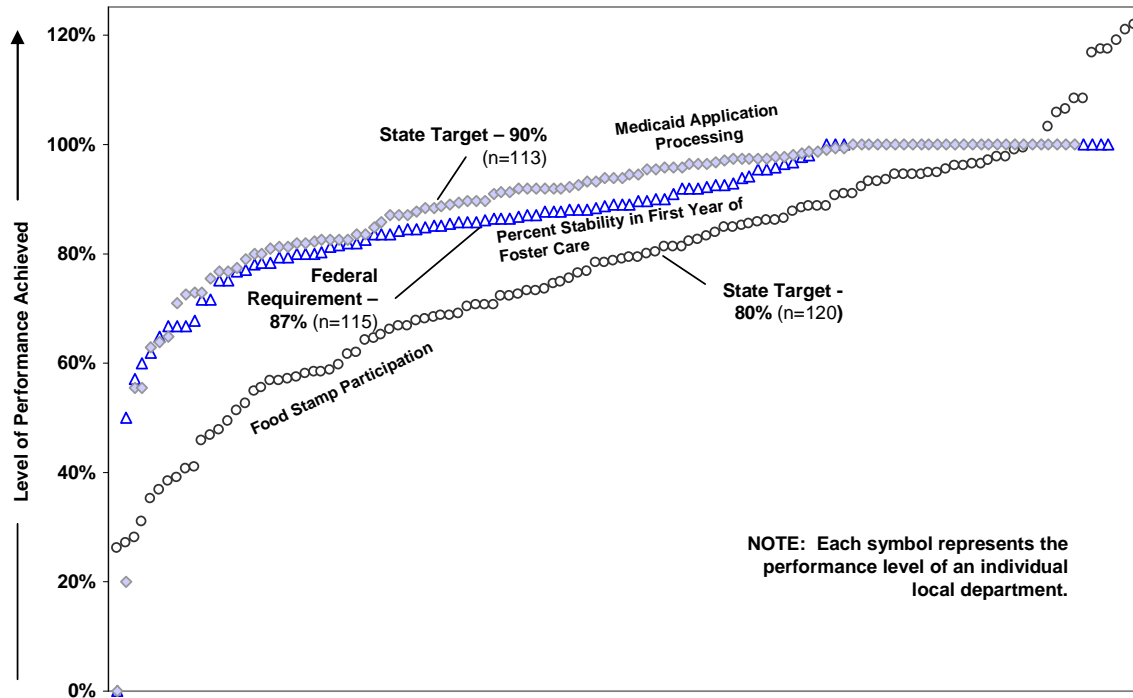
- Some local departments do not have experienced directors that understand social services programs, Virginia's system, or how to run a local department. One recently hired local director admitted to being woefully under-prepared for the demands of the position and felt at a loss as to how to prepare and administer a budget and run the department.
- Some local departments do not have the ability to sufficiently plan and manage their operations. Without these important capabilities, these departments appear to operate in a reactive, ad-hoc manner that prevents them from taking a strategic approach to improving their operations. Directors at several local departments cited their inability to adequately plan their operations and make data-driven management decisions.
- Some local departments do not have the opportunity to coordinate with other organizations. For example, one department noted a large increase in substance abuse cases through CPS and foster care, but expressed frustration about helping its clients because there were no substance abuse treatment clinics in the locality.

***Along with the variation in local department access to important resources and capabilities, a locally-administered system also results in wide variation in performance.***

Along with the variation in local department access to important resources and capabilities, a locally-administered system also results in wide variation in performance across the 120 local departments. As shown in the figure on the next page, while some departments appear to perform above State targets and federal requirements, based on the limited performance data that is available, a substantial number of local departments are not meeting performance targets and

## Figure Local Departments in Relation to Selected Performance Targets and Requirements

Source: JLARC analysis of State DSS data.



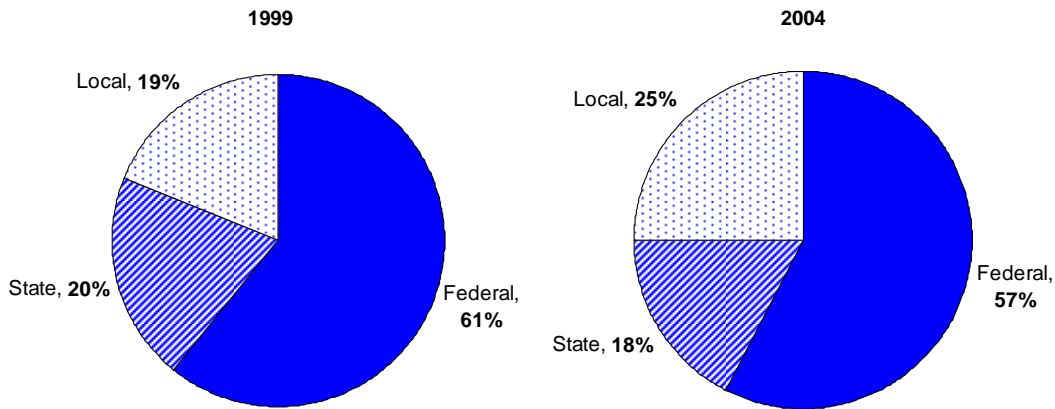
requirements. For example, 62 local departments did not meet the State target of 80 percent for food stamp participation, with 31 localities falling at least 15 percent below the target. Forty-eight local departments fell short of the federal requirements for 87 percent stability in the first year of foster care. Twelve local departments are more than 15 percent below State targets or federal requirements on at least three of eight selected performance measures. The low performance levels of some departments and the lack of access some have to resources demonstrate major trade-offs in Virginia's locally-administered system, and the importance of effective State supervision and support.

### Increased Reliance on Local Funds Contributes to Disparities in Local Department Administrative Funding

Administrative funding, which is used to fund aspects of local operations such as staff salaries or the purchase of additional information technology (IT) systems, is also an important resource for local departments. Between 1999 and 2004, these funds increased 25 percent to \$385 million. As shown in the figure on the following page, during this time the local share of funding has increased to 25 percent of total administrative

**Figure**  
**Sources of Local Department Administrative Funds in 1999 and 2004**

Source: State DSS.



funds, rising from approximately \$58 million in 1999 to \$96.5 million in 2004, an increase of more than \$38 million.

**Local Department Administrative Funds**

Two different types of administrative funds are available to local departments:

- Those that include a State contribution; and
- Those that do not.

Those without a State contribution are federal and local funds. They are called "pass-through" funds by the State DSS.

The current State DSS methodology to allocate administrative funds does not account for local department caseloads, but rather uses a "past-year" allocation methodology to provide funds. Because this practice has been used for more than 15 years, over time a disparity has developed at many departments between the administrative funding they receive and the caseload they manage. For more than half of the local departments, State-matched administrative funds for service programs would have to increase or decrease by more than 25 percent to match their percentage of the statewide service caseload. The same is true of 44 percent of local departments for benefit program administrative funds. Some localities use "pass-through" funds to better match their total administrative funds available with caseload levels and local needs.

However, not all local departments serve localities that have the ability to provide the additional local funds required to use these pass-through funds. Ninety-two percent of the localities that make extensive use of administrative pass-through funds (those in the top quintile) have either "low" or "below average" fiscal stress. Eighty-three percent of localities that make limited or no use of administrative pass-through funds are fiscally stressed.

This trend, along with an overall increase in the use of pass-through funds, appears to be driving further variation in local department administrative funding. Though data analysis does not show a clear relationship between access to adminis-

trative funds and available measures of local department performance, interviews with local departments suggest there is an impact. Departments that can raise additional administrative funds have the option to pay higher salaries, hire additional staff, buy third-party IT systems to support operations, and upgrade facilities. These issues raise questions about the continued use of the current administrative funds allocation method.

**Recommendation:** The current prior-year funding methodology used by the Department of Social Services to allocate administrative funds should be replaced with an administrative funds allocation methodology based on factors such as local caseload and local ability to pay.

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### **Human Resource Challenges Exist, but Insufficient Data to Assess Local Staff Adequacy**

*Currently, one-quarter of local directors are eligible to retire with full benefits.*

Local department directors and their staff are the most valuable resource for local departments, and, by extension, Virginia's entire system. However, this critical resource is at risk because of pending retirements throughout the system and recruitment and retention challenges at some local departments. Many local departments may soon face an exodus of their directors due to retirement. Currently, one-quarter of local directors are eligible to retire with full benefits. Another 48 percent are currently eligible to retire with reduced benefits. By 2010, more than half of current local directors will be eligible to retire with full benefits. The majority of the directors currently eligible to retire with full benefits are in the western part of the State. If not properly managed, these retirements will have a considerable negative impact on the leadership and expertise that currently resides at most local departments.

Some local departments are also experiencing difficulties retaining and recruiting staff. Currently, it appears that retention and recruiting challenges primarily impact the workload levels of the staff that remain. For example, one small department noted that even one vacancy can create significant changes in individual workloads as staff assume additional responsibilities until the vacancy is filled.

While there is data to identify these human resource challenges, there is insufficient information to assess the adequacy of local staffing to manage current workload levels. Without this information, there is a minimal basis upon which to assess the adequacy of current resource levels and determine the validity of requests for additional resources in the future.



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## Information Technology Is Improving, But a Major Systems Development Initiative Requires Increased Oversight

Information technology is another important resource that local departments require to administer and manage programs. Historically, planning and development of social services IT systems have not adequately involved local staff, resulting in systems that do not adequately meet local needs. In recent years, however, these processes and systems have improved. Despite these positive signs, the State should be cautious as it plans for a possible multi-million dollar investment in an Integrated Social Services Delivery System (ISSDS).

The ISSDS is intended to replace and integrate the major benefits, services, and child support enforcement systems. Proposals to build this system have been submitted to the State under the Public-Private Education and Infrastructure Act (PPEA). However, there are several reasons why the State should proceed with caution on this initiative:

- The department's program and business requirements are currently changing, which will make large-scale IT systems development difficult and high-risk.
- The State DSS has a mixed track record of successfully managing large-scale IT development efforts.
- No other agency has successfully managed a proposal of this size under the PPEA, so there is little practical guidance available to DSS.
- Because DSS may use the PPEA process to build this system, it may be responsible for reviewing proposals and making a decision about whether to proceed with negotiations in a relatively short period of time.
- There has been limited oversight of several current development activities and only a cursory review of preliminary plans for the ISSDS initiative by the Virginia Information Technologies Agency (VITA).

**Recommendation:** The Chief Information Officer of the Commonwealth and the VITA Project Management Division should increase their oversight of the planning and development of the ISSDS initiative. Updates on the status of this initiative should be regularly provided to the State's Information Technology Investment Board.

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## Weak State Supervision and Support Hinder System Operations

As noted above, there is wide variation in the resources and capabilities of local departments and, as a result, some departments struggle. Many departments rely heavily on the State for supervision and support, underscoring the importance of the State's role in Virginia's locally-administered system. However, the State appears to narrowly interpret its

statutory responsibilities, which contributes in part to weaknesses in the supervision and support provided to local departments.

Among these weaknesses is that the State lacks sufficient strategic management capabilities, including effective data collection and analysis and coordination with other organizations, which are critical in Virginia's complex social services environment. For example:

- The State DSS collects tremendous amounts of data from local departments, but appears unable to convert it into useful information to support decision-making at the State and local levels. The State's segmented approach to data collection also hinders its ability to proactively support departments that may need help, because DSS cannot easily assess the overall situation at a local department.
- Underscoring the State's weak analytic capability are the many areas of potential program performance or management improvements that have not been addressed. These include several emerging program trends impacting local departments and ongoing financial, human resource, and information technology management issues.
- Coordination with other State agencies, other organizations, and among local departments could improve. For example, local staff cited the lack of a coordinated, state-wide strategy around workforce development. According to both State and local staff, lack of coordination in this and other areas results in numerous duplicative, under-resourced initiatives competing to achieve similar outcomes.

### Longstanding Problems

In 1981, JLARC found that:

- "large amounts of data are not sufficiently used."
- "the department needs to strengthen its research and evaluation capability."
- The department "needs to resolve organizational confusion and strengthen the regional offices to ensure effective and consistent support and oversight of system-wide activities."

The current State DSS organizational structure also hinders its ability to communicate with, provide guidance to, and conduct oversight of local departments. This is in part because of the decline of the State DSS regional structure over a number of years. For example:

- Both State and local staff reported that the decline in the regional structure has increased the difficulty of managing the information exchanged between local and State staff.
- Both State DSS and local staff note that the decline of the regional structure has contributed to the State's limited ability to oversee local operations. State DSS division directors and staff noted that this limited oversight places the State at risk of receiving poor federal financial or performance audits. In the past, these poor evaluations have resulted in increased federal oversight and financial penalties, including a current \$36 million shortfall in federal Title IV-E foster care funds.

Collectively, these weaknesses hinder the State's ability to fulfill its critical supervisory and support role. Because of the State's narrow interpretation of the current statutory definitions of supervision and support, more specific legislative direction to the State DSS about its supervisory and support responsibilities is necessary. Recent turnover at the commissioner level further increases the importance of providing more statutory direction to commissioners on the State's intended role.

**Recommendation:** The General Assembly may wish to amend § 63.2-203 of the *Code of Virginia* to define specific supervisory responsibilities that the commissioner and Department of Social Services must assume. These responsibilities should include: (a) providing local departments with accurate and timely policy advice and guidance; (b) communicating about relevant federal and State policies and developments; (c) conducting ongoing oversight of local department operations and performance; and (d) ensuring, to the extent possible, that Virginia's citizens entitled to social services receive efficient and effective service from local departments.

**Recommendation:** The General Assembly may wish to amend § 63.2-204 of the *Code of Virginia* to define specific support responsibilities that the commissioner and Department of Social Services must assume. These specific responsibilities should include: (a) providing to and collecting from local departments financial, human resource, and program information necessary to support effective State and local decision-making; (b) proactively identifying opportunities for performance improvement and/or corrective action at local departments; (c) facilitating local program administration through coordination with other relevant State agencies, other organizations, and among local departments; (d) providing guidance, support, and resources to the extent possible to maintain and improve performance at local departments; and (e) providing recruiting, retention, and other human resources management support to local departments.

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## Comprehensive Changes Needed to Improve System

The findings in this report present a mixed picture of Virginia's social services system. As shown in the exhibit on the following page, there are some positive aspects of the system's operations and performance. However, there are many areas of concern that need to be addressed through comprehensive change.

**Exhibit**

**Summary Assessment of Social Services System Operations and Performance**

Source: JLARC staff analysis.

	Summary Assessment	Report Findings	JLARC Recommendations
Statewide Performance	Yellow	<ul style="list-style-type: none"> <li>+ The State meets or exceeds its target for one benefit program measure and federal requirements for two service program measures.</li> <li>- The State is below its target for three benefit program measures and federal requirements for two service program measures.</li> </ul>	None
Local Performance	Yellow	<ul style="list-style-type: none"> <li>+ Twenty local departments meet or exceed State targets or federal requirements on at least six of eight selected performance measures.</li> <li>- A number of local departments do not have access to important resources, such as funding or opportunities to coordinate with other organizations.</li> <li>- Twelve local departments are more than 15 percent below State targets or federal requirements on at least three of eight selected performance measures, and one-third of local departments are below State targets and federal requirements on at least six of the performance measures selected.</li> </ul>	
Local Administrative Funding	Red	<ul style="list-style-type: none"> <li>- The lack of information about funding for programs and local administration creates confusion at some local departments.</li> <li>- Process to allocate local administrative funds does not consider local caseload or local ability to pay.</li> </ul>	Recommendations 1 and 2 to improve transparency of funding and improve the administrative funding process.
Human Resources	Red	<ul style="list-style-type: none"> <li>- The State does not maintain sufficient information to determine adequacy of local staff resources.</li> <li>- Local departments risk losing significant knowledge and leadership as directors and supervisors retire.</li> <li>- Some local departments are experiencing difficulty recruiting and retaining front-line staff.</li> </ul>	Recommendations 3 and 4 to improve staffing and workload data and provide more targeted human resource support.
Information Technology	Yellow	<ul style="list-style-type: none"> <li>+ Recent systems updates and new applications appear to better support local needs.</li> <li>+ Processes to develop and implement new applications use best practices and solicit local involvement.</li> <li>- Planning and oversight for pending multi-million dollar IT system appear inadequate.</li> </ul>	Recommendations 5 and 6 to improve reporting and oversight of ISSDS initiative.
Overall State Supervision and Support	Yellow	<ul style="list-style-type: none"> <li>+ Nearly half of local departments rated State DSS supervision and support as good or excellent in some areas such as developing effective policies for service programs and providing timely and responsive assistance.</li> <li>- A majority of local departments rated State DSS supervision and support as fair or poor in other areas, including conducting monitoring and compliance activities that yield accurate information, and adequately communicating about upcoming and ongoing program or management changes.</li> <li>- State staff narrowly interpret statutory supervision and support responsibilities.</li> <li>- State DSS regional structure is ineffective and does not facilitate local communication and oversight.</li> <li>- Recent turnover in State DSS commissioner position exacerbates weak State supervision and support.</li> </ul>	Recommendations 8, 9, and 10 to assess the regional structure and enhance statutory direction on State DSS supervisory and support responsibilities.
State DSS Strategic Management	Red	<ul style="list-style-type: none"> <li>- Ineffective, segmented data collection by State DSS hinders strategic decision-making.</li> <li>- State DSS has limited analysis capabilities, and many issues need further analysis to facilitate needed improvement.</li> <li>- State DSS could improve coordination with other departments and organizations, and among local departments.</li> </ul>	Recommendation 7 to improve data collection, data analysis, and coordination.

<b>LEGEND</b>	<b>Red</b>	No positive (+) findings.	<b>Yellow</b>	At least one positive (+) and one negative (-) finding.	<b>Green</b>	No negative (-) findings.
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Some promising initiatives are currently underway at the State DSS. These include a strategic plan and planning process, a recently-created chief operating officer position, and a business transformation project. These initiatives, if successful, may address some of the issues identified in this report that confront the system. However, it is too early to determine whether these initiatives will have any appreciative impact. Furthermore, the likelihood of continued turnover in State DSS leadership places the long-term sustainability of these initiatives in question.

The comprehensive nature of the changes required and the existence of several State DSS initiatives that may impact the issues raised in this report will require extensive coordination and opportunity for input. Such an approach requires a comprehensive plan, addressing both short-term and long-term perspectives. The Governor and the Secretary of Health and Human Resources should play a direct role in addressing the issues identified in this report in order to provide sufficient emphasis on the changes needed.

A special commission or task force may be the most appropriate mechanism for developing a plan to implement these changes. A commission or task force is necessary because:

- No mechanism currently exists in State government that can appropriately facilitate the discussion and analysis necessary to successfully consider and plan the required changes.
- The insight and perspective of the many stakeholders at the State and local levels will be critical to determining how to implement the more substantial changes recommended in this report.
- The State DSS has a mixed track record implementing improvement initiatives.
- The State DSS is the object of many of the needed changes, and may not be objective in its assessment of what changes should occur and how best to implement them.

**Recommendation:** The General Assembly may wish to consider adopting a joint resolution to establish a commission or task force to examine the recommendations in this report and other relevant issues and ongoing improvement initiatives. The commission or task force should then develop a comprehensive improvement plan to address the changes needed. The commission or task force should include the Secretary of Health and Human Resources, the DSS Commissioner, members of the State Board of Social Services, key State DSS staff, directors of local departments of social services, and members of local boards of social services. The General Assembly may wish to consider requiring the commission or task force to regularly report its progress to the Senate Finance and Rehabilitation and Social Services committees and the House Appropriations and Health, Welfare, and Institutions committees. The General Assembly also may wish to consider requiring the commission or task force to present to these committees a plan to complete the necessary changes prior to the 2008 General Assembly session.

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# Introduction

## In Summary...

Virginia has a state-supervised, locally-administered social services system. The State Department of Social Services (DSS) provides supervision and management support to 120 local departments that administer the vast majority of the State's more than 50 social services programs. The State DSS includes approximately 1,600 staff. One-third of its employees provide this supervision and support to local departments. The remaining two-thirds of State DSS staff administer the Child Support Enforcement and Licensing programs. More than 8,000 staff at the local level administer the major benefit and service programs. FY 2005 funding for locally-administered programs was more than \$1.1 billion, about 56 percent of which came from federal funds. State general funds and local government funds comprised 27 and 15 percent, respectively.

House Joint Resolution 193, enacted by the 2004 General Assembly, directs JLARC staff to study the operation and performance of the Commonwealth's social services system. The mandate specifically directs JLARC to assess whether there are adequate resources to provide social services and the extent to which information technology systems contribute to improved performance and collaboration. A copy of the resolution is provided in Appendix A.

This study is not a review of any specific social services program, and excludes the State-administered Licensing and Child Support Enforcement programs. In the past, JLARC has conducted reviews of specific social services programs, including detailed reviews of Child Protective Services in 2004, Welfare Reform in October 2000, and the Child Support Enforcement program in November 2000.

## HISTORY OF VIRGINIA'S SOCIAL SERVICES SYSTEM

Virginia has attempted to address the issue of public welfare since the mid-1600s, with the creation of a child welfare program and "workhouse" for the care and vocational education of poor children. Nearly three centuries later in 1908, the General Assembly created the State Board of Charities and Corrections. The Reorganization Act of 1922 gave this body more responsibility, renamed it the State Board of Public Welfare,

and established the position of Commissioner of Public Welfare. This act also created local welfare units consisting of a juvenile and domestic relations court, a board of interested citizens, and a full-time, trained social worker or superintendent of public welfare. As federal involvement and funding increased, the State began providing matching funds to reimburse a portion of local costs. Until the 1938 Virginia Public Assistance Act, the establishment of local departments of social services was optional. However, this act required every political jurisdiction in the Commonwealth to have local departments of welfare that would offer relatively uniform services. At this time, Virginia's current state-supervised, locally-administered system began to take shape.

The State's efforts to address social services issues continued to evolve through various landmark federal and State initiatives, such as the creation of the Department of Welfare and Institutions in 1948. Many of the responsibilities of the current social services system can be traced to federal legislation enacted in the 1960s to address poverty in the United States. The growing magnitude and complexity of programs being implemented in Virginia led to the creation of regional offices to assist localities. In 1982, the General Assembly renamed the Department of Welfare, which had split from the Department of Institutions in 1974, the Department of Social Services. Today, Virginia's social services system administers more than 50 programs aimed at providing benefits to those unable to support themselves, promoting self-sufficiency, enhancing child welfare and safety, improving family stability, and ensuring adult safety and welfare. The largest of these locally-administered programs are described in Chapter 2.

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## **KEY RESPONSIBILITIES AND ORGANIZATIONS IN VIRGINIA'S STATE-SUPERVISED, LOCALLY-ADMINISTERED SOCIAL SERVICES SYSTEM**

Title 63.2 of the *Code of Virginia* creates the legal framework for Virginia's social services. This framework was most recently revised and re-codified in October 2002 through the Virginia Welfare Law. The purpose of the law is to ensure that throughout the State, eligible people receive financial assistance and social services. State law requires that every city and county be served by a local department and board of social services; gives the State responsibility for supervising local administration of social service programs; and requires the State to directly administer programs that set standards and license children's agencies, facilities and homes, as well as day care centers for adults. The State is also responsible for administering the child support enforcement program.

***Virginia is one of 13 states with a state-supervised, locally-administered social services system.***

Exhibit 1 summarizes the components of Virginia's social services system. Virginia is one of 13 states with a state-

Exhibit 1

Major Components of Virginia's Social Services System

Source: JLARC analysis of the Code of Virginia and the Virginia Department of Social Services Local Board Member Handbook, 2003.

Federal

U.S. Department of Health and Human Services; U.S. Department of Agriculture

- Develops regulations based on federal statutes that states must interpret and implement.
- Distributes federal funding to states.
- Requires state reporting and conducts oversight to ensure compliance with statutes and regulations.

State

State Board of Social Services

- Consists of nine members appointed by the Governor.
- Acts in an advisory capacity to the commissioner and when requested, investigates questions or problems and reports findings.
- Adopts regulations as necessary and establishes minimum education standards, training requirements, and personnel performance standards for State and local employees.

State Department of Social Services

- Provides technical assistance, training, and administrative support to local departments of social services.
- Monitors programs, policies, and operations of local departments.
- Directly administers the Child Support Enforcement, Licensing, and Community Services Block Grant programs.
- Develops regulations based on federal statutes and regulations, and the Code of Virginia.
- Headed by a commissioner appointed by the Governor.
- Serves as a liaison with federal agencies on social services programs receiving federal funding.
- 1,600 staff, mostly in Richmond central office.

Regional and District Offices

- Five field offices and six regions provide guidance and technical support to local departments.
- District offices administer the Child Support Enforcement and Licensing programs.

Local

Local Boards of Social Services (120)

- Functions are either administrative or advisory.
- Most are administrative boards that establish, review, and revise local policy; approve local funding; prepare and submit budgets to the State and local governments; and appoint local directors.

Local Departments of Social Services (120)

- Administer most of Virginia's social services programs (other than child support and licensing), including adoption, adult services, child care, child protective services, energy assistance, food stamps, foster care, Medicaid eligibility determination, and temporary assistance for needy families.
- Have the option to administer additional, non-mandated programs based on local need and available funding.
- Headed by a director appointed by the local board, who is responsible for overall program and policy implementation, human resources, financial management, and office space and equipment management.
- Vary greatly in size, ranging from less than ten to hundreds of staff.

supervised, locally-administered social services system. Consequently, a State Department of Social Services (DSS) oversees the operations of local departments of social services. The State DSS also includes a regional field office structure. Both DSS and each local department have a board of social services. Federal agencies and local governments also play a role in the supervision and funding for the system's programs.

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## State Department of Social Services

The State DSS—part of the Health and Human Resources Secretariat—is headed by the Commissioner of Social Services who is appointed by the Governor and subject to confirmation by the General Assembly. Some of the commissioner's primary responsibilities in State law include:

- Supervising the administration of social services;
- Assisting and cooperating with local authorities, including training and collection and publication of statistics;
- Establishing divisions and regional offices as necessary and appointing divisions heads; and
- Reimbursing on a monthly basis each locality for the State and federal share of program and administrative funding.

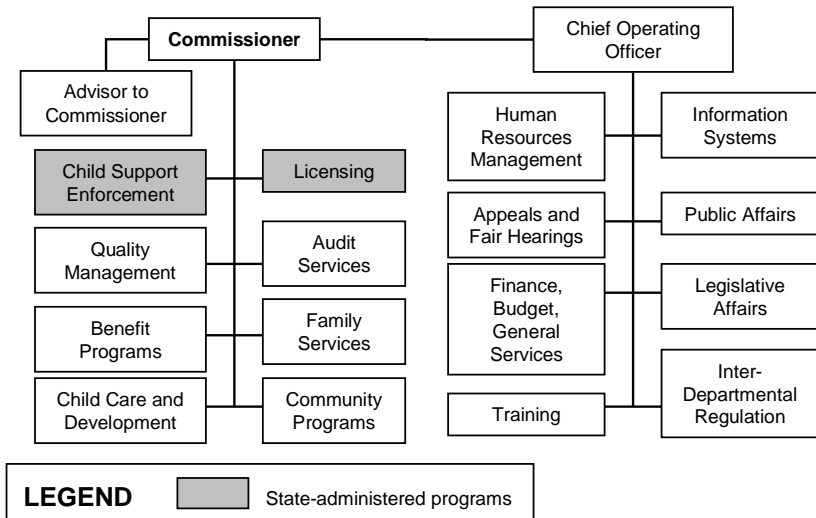
The State DSS divisions that supervise the key locally-administered programs are the Divisions of Benefit Programs, Family Services, and Child Care and Development. These divisions interpret federal policies, develop State policies, provide technical assistance to local departments, and monitor and evaluate agency operations. Other State DSS divisions provide financial, human resources, and information technology support to State DSS staff and local departments. Figure 1 shows each of the divisions on the State DSS organizational chart.

The State DSS has direct responsibility for regulating adult and child care facilities and administering the Child Support Enforcement program. In total, the State DSS is authorized to employ approximately 1,600 staff. Slightly less than 1,000 of these staff work in the Division of Child Support Enforcement, accounting for almost two-thirds of total State DSS staffing.

***State DSS Regional Offices and Teams.*** The State DSS also includes five regional offices in Virginia Beach, Warrenton, Roanoke, Henrico, and Abingdon. DSS staff located in these offices and in Richmond are organized into teams that provide program supervision, consultation, technical assistance, and training to the local departments. There are currently six regional teams: two Eastern teams, two Northern teams, and two Western teams. Each region covers between 19 and 21 local departments and includes staff that oversee

**Figure 1**  
**State Department of Social Services Organizational Chart**

Source: State DSS, August 2005.



and consult with local staff in the major program areas and internal management and support. Staff that support each region are part of the State DSS Division of Quality Management, but have program responsibilities and are supervised by staff in program divisions in their areas of expertise.

*Since 1967, Virginia has conducted more than 20 projects or studies to address regional structures and operations.*

There have been numerous regional and field office structures during the system's history. In fact, since 1967 Virginia has conducted more than 20 projects or studies to address regional structures and operations. The most recent of these studies, the Local Team Pilot, resulted in the current structure. The Local Team Pilot was conducted between July 1 and September 30, 2004, and evaluated opportunities to improve services to local departments through a more centralized approach to answering policy questions, providing technical assistance, and expanding the available staff to respond to local issues. Implementation of the current regional structure was effective February 1, 2005.

## State Board of Social Services

The State Board of Social Services was established by the General Assembly in 1974 and includes nine members appointed by the Governor. The board acts in an advisory capacity to the commissioner and, when requested, investigates questions or problems and reports findings and conclusions as appropriate. The board adopts regulations as necessary and establishes minimum education standards, professional training requirements, and personnel performance standards.

## Local Departments of Social Services

Virginia currently has 120 local departments that are primarily responsible for the administration of most social services programs, excluding licensing and child support. The state-supervised, locally-administered nature of Virginia's system means that the vast majority of contact with individuals and families through social services programs occurs through these 120 local departments. Most of these local departments serve a single county or city; however, there are 12 consolidated local departments. These departments serve multiple cities and counties in close geographic proximity. For example, Henry County and the City of Martinsville are served by a single local department.

Each local department is headed by a director of social services who is appointed by the local board of social services and is considered the administrator of his or her local department. Some of a local director's responsibilities include:

- Overall program and policy implementation for the locality;
- Human resource planning, supervision, and evaluation of staff; and
- Financial planning and management of office space and equipment.

Local department organizational structures vary widely, depending upon the locality's size, governance structure, specific needs and community standards, and ability to fund social services. DSS classifies each local department based on the number of permanent, full-time positions. The classification scale and the number of local departments in each classification are shown in Table 1.

**Table 1**  
**Local Department Classification Levels**

Source: Division of Human Resources Management, Virginia Department of Social Services, December 2004.

<u>Local Classification Level</u>	<u>Number of Permanent, Full-Time Positions</u>	<u>Number of Local Departments at this Level</u>
VI	361 or more	4
V	161–360	7
IV	81–160	11
III	21–80	62
II	11–20	30
I	Fewer than 11	6

Generally, local departments with higher classifications and larger numbers of staff are organized into divisions or offices around service or benefit programs. Agencies with lower classifications and a smaller number of staff generally require staff to work with multiple programs. Regardless of size, all 120 localities must administer the social services programs that are mandated in federal statute, regulation, or the *Code of Virginia*. These programs are described in Chapter 2. More information is provided about each local department throughout this report and in Appendix B.

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### **Local Boards of Social Services**

Each local department has either an administrative or advisory board of social services. Most have local administrative boards. Responsibilities typically include establishing, reviewing, and revising local policy decisions; approving local funding levels; preparing and submitting budgets to local and State officials; appointing local directors; and facilitating numerous benefit program, child welfare, and adult protective services. Board members are appointed by the local government.

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### **Local Governments**

Each local government has funding and appointment responsibilities for their respective local department of social services. Local governments receive an annual budget request and budget reports from their respective local department, and based on those provide local government funding. Local governments also appoint members to the local board of social services.

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### **Federal Oversight Agencies**

Virginia's social services system is subject to federal statute, regulations, and oversight primarily by two federal agencies: the Food and Nutrition Service, U.S. Department of Agriculture (USDA) and the Administration for Children and Families, U.S. Department of Health and Human Services (HHS). Both of these agencies set the regulatory framework and provide varying percentages of funding matches for many programs, including the Food Stamp and Temporary Assistance for Needy Families (TANF) programs.

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### **Other Entities in the Social Services System**

Virginia's social services system interacts with a large network of other agencies and community organizations to deliver programs and services. Virginia has both statewide and local Community Action Agencies, which are non-profit, private, or

public organizations established under the Economic Opportunity Act of 1964. These organizations provide programs and services to low-income individuals and families to help them meet immediate needs or progress towards self-sufficiency. There are 26 local and three statewide Community Action Agencies.

Though not an entity established by statute, the Virginia League of Social Services Executives (VLSSE) is a key mechanism through which local directors convey their viewpoints and concerns to DSS, the Governor, and the General Assembly. The VLSSE is a membership organization of local directors and staff that work on behalf of these directors to identify major issues and lobby for changes in policy and increases in funding. The VLSSE partners with DSS on selected initiatives requiring outreach to all local departments. The VLSSE includes a number of committees that are assigned to specific issues, such as human resource management, and is headed by a president selected from one of the 120 local directors.

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## **SOCIAL SERVICES SYSTEM MANAGEMENT AND RESOURCES**

The social services system has numerous resources that it employs to deliver services. Three of the most important resources for the system are funding and financial management, human resource management, and information technology.

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### **Funding and Financial Management**

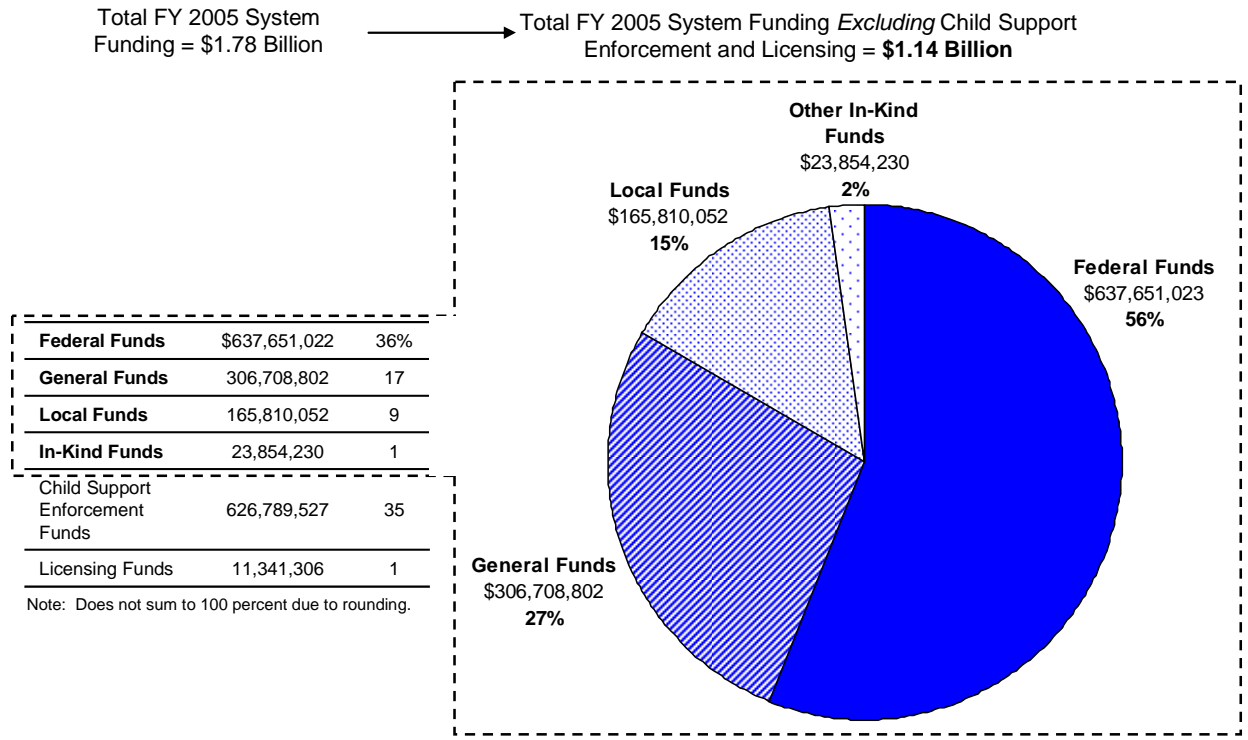
Funding for Virginia's social services system is complex. More than 50 programs are funded through more than 40 separate budget line items. The budget line items have varying funding sources, fund allocation methodologies, match rates, and have multiple reporting requirements. In addition, the federal, State, and local governments all operate on different fiscal years, which further complicates the budgeting and financial management processes.

In FY 2005, total social services funding for the State was approximately \$1.78 billion. As shown in Figure 2, funding for locally-administered social services programs comes primarily from three sources: federal funds, State general funds, and local funds. Total funding for these programs, excluding the State-administered Child Support Enforcement and Licensing programs, was \$1.14 billion. Federal funds comprised more than half of those funds, while State funding and local funding comprised 27 and 15 percent, respectively. Approximately two percent was in-kind transfer payments among governments for administrative costs incurred at local government agencies



## Figure 2 FY 2005 Funding for Virginia's Social Services

Source: JLARC analysis of State DSS funding data.



other than social services, but conducted on behalf of the local department, such as helping to develop budgets and obtain reimbursement of funds.

The DSS budget is historically one of the largest among Virginia's agencies, ranking fifth in total operating appropriations in FY 2004 and accounting for 5.6 percent of total State appropriations. The DSS budget has historically seen large budget growth compared to other Virginia agencies, increasing \$654 million in total operating appropriations between FY 1995 and 2004. This represented a 78 percent increase, while the overall State operating budget increased 66 percent during the same time period. However, Child Support Enforcement appropriations accounted for \$403 million or 62 percent of the total increase during that time period. Funding trends for major social services programs is discussed in Chapter 2, while funding for the local administration of social services programs is discussed in Chapter 4.

Several organizations have financial management and budget responsibilities for social services at the federal, State, and local levels of government. At the federal level, the Departments of Health and Human Services and Agriculture provide

the majority of social services funds to the State through formula grants, block grants, and discretionary funds. Both of these federal agencies also periodically conduct financial audits to ensure that federal funds are being spent according to federal regulations.

At the State level, the DSS Division of Finance has responsibility for financial management and budget issues. This includes allocation of federal and State funds to local departments, reimbursement of local funds, and administration and reporting of federal grants. Of the \$1.14 billion in FY 2005 funding, more than \$760 million or nearly 70 percent was reimbursed to local governments for local department expenditures.

The State pays most of the financial benefits, such as food stamps and TANF, directly to recipients. It also reimburses local departments for the purchase of services for individuals and administrative costs incurred to determine and monitor ongoing eligibility for the benefit programs and conduct service programs, such as foster care. Most major programs are either completely or primarily funded with federal and State general funds.

Local departments are responsible for developing their local social services budgets and managing their federal, State, and local social services funds. The local government is responsible for approving the budget developed by the local department. Each year, after the State budget is approved, each local department is allocated State and federal funds through DSS. To receive these funds, localities must request reimbursement each month from DSS for costs incurred.

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## Human Resource Management

Virginia's locally-administered system includes more than 8,000 employees in the 120 local departments. Under the *Code of Virginia*, each department has the option to deviate from the State's human resource policies and instead use those of its local government. Local departments that follow all of the State's human resources policies are called non-deviating agencies. Local departments that use all or some of their local government's human resources policies are called deviating departments. There are three types of deviating local departments:

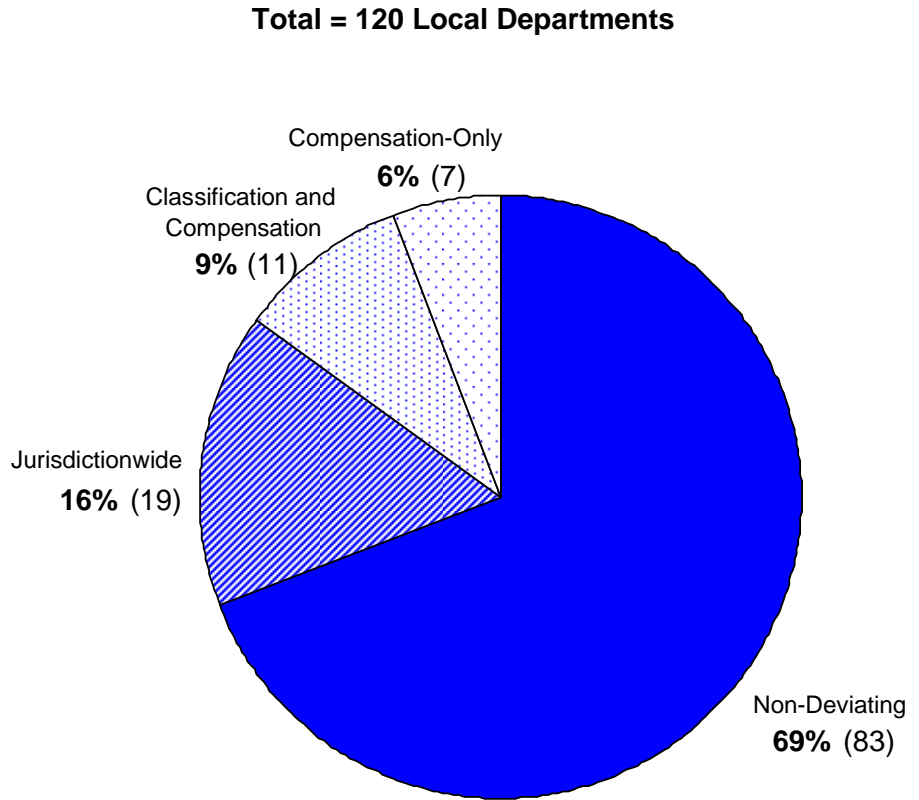
- Jurisdictionwide, which use all of the local government's human resource policies and systems;
- Classification and compensation, which use their local jurisdiction's classification and compensation system but the State's human resource policies for all other functions, such as handling complaints and grievances; and

- Compensation-only, which use the local jurisdiction's compensation system, but the State's human resource policies for all other functions.

Whether or not a local department deviates from State policies—and what specific policies they choose to deviate from—determines the extent to which the State DSS Division of Human Resource Management (DHRM) performs human resources functions for the local department. These functions include administration of employee benefits, human resource policy interpretation and consultation, and limited recruitment support. As shown in Figure 3, nearly 70 percent of the local departments do not deviate from the State's human resource policies and rely on DHRM for human resource support. The remaining departments, which tend to be the larger local departments, do deviate. Nine of the 11 class V and VI local departments are jurisdictionwide, while all but three of the non-deviating local departments are class I, II, or III.

**Figure 3**  
**Non-Deviating and Deviating Local Departments**

Source: State DSS Division of Human Resource Management.



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## Information Technology Management

In the administration of Virginia's social services system, more than 60 automated systems are used to process and review client information, issue benefits, and manage cases. The DSS Division of Information Services maintains and supports these systems, and in certain instances provides interfaces and support to several private vendor systems independently purchased by some local departments. Because the majority of social services programs are locally-administered, staff in each of the 120 local departments are the primary users of most information technology (IT) systems.

***State and Local Information Technology Resources and Responsibilities.*** The Division of Information Systems is responsible for the day-to-day operations and maintenance of the system's automated applications and their related hardware. The division oversees 80 servers and more than 12,000 computers located at the State and local levels. The DIS provides support to State DSS employees and help desk functions for major systems. The DSS pays for network connections and local operating system software. In FY 2005, DSS was appropriated more than \$27 million by the General Assembly for computer services.

There is considerable variation in the resources local departments have to support IT. For example, class VI departments (more than 361 employees) such as Fairfax County or Norfolk have dedicated IT divisions or rely on their local governments for IT support. However, most of the 36 class I and II departments (fewer than 21 employees) have only limited staff to devote to IT, and often these employees are administrative managers who also have financial and human resources management responsibilities. This variation in resources and expertise means that most of the smaller local departments rely heavily on the State for support, while larger departments generally prefer to rely on their own resources and expertise.

***Program Requirements Generally Drive Systems.*** Various federal and State statutes and regulations set the requirements for each major IT system. For example, the Online Automated Services Information System (OASIS) was implemented in 1997 to meet federal requirements for an adoption and foster care analysis and reporting system. One of the primary system requirements for this program is that states must electronically submit case-level information about children in foster care to the federal Administration for Children and Families. Descriptions of the major systems that support each social services program will be provided in Chapter 2.

## Program Caseloads, Funding, and Performance

### In Summary...

Virginia's 120 local departments administer numerous programs aimed primarily at determining eligibility for benefits and supporting and protecting Virginia's vulnerable children and adults. These programs are complex and intended to address some of the most difficult issues confronted by government, including poverty, hunger, family stability and child welfare, and the safety and security of children and adults. In nearly all program areas, Virginia's caseloads have increased during the last five years. This increase in caseloads has caused an increase in funding provided in these program areas, the bulk of which comes from federal funds. Virginia's performance in terms of selected quality and timeliness in these program areas is mixed when compared to State performance targets and federal requirements.

This report does not include a detailed review of any specific social services program. Further, because of time constraints, collecting information beyond the readily available performance information about programs was also not in the scope of this review. However, program performance for locally-administered programs is an important aspect of understanding the operations and performance of the system. Therefore, this chapter provides a brief overview of the major locally-administered social services programs and support systems, highlights recent caseload and funding trends, and briefly discusses statewide program performance based on existing, available measures of quality and timeliness in selected programs.

### **BENEFIT PROGRAM CASELOADS AND FUNDING ARE GROWING, BUT PERFORMANCE IS MIXED**

Local departments administer a number of programs to determine whether individuals and families are eligible to receive benefits. These benefits are paid directly to individuals and families by the State. The eligibility requirements for these programs are complex, and in some cases different across programs. Caseloads and funding for these programs have both grown in recent years. Virginia's performance in these program areas is mixed.

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## Local Departments Determine Eligibility for a Variety of Benefit Programs

Local departments conduct a range of activities, primarily focused on interviewing clients and collecting information about those clients, to determine whether they are eligible for benefit programs. Each of these programs and the major IT systems that support them are briefly described below.

***Food Stamp Program.*** This benefit program attempts to alleviate hunger and malnutrition by providing a subsidy to low-income households for the purchase of food. Financial assistance is provided electronically through a debit card and can be spent only on approved food items. Eligibility workers in local departments interview individuals that come to a local department seeking assistance. The purpose of the interview is to collect information about the client and determine whether the client is eligible for food stamp benefits. Local eligibility workers also monitor ongoing eligibility, while the State directly pays the benefits to clients.

Several IT systems support the Food Stamp program, including the Application Benefit Delivery Automation Project (ADAPT) that local staff use to input information on individuals and households applying for assistance. The ADAPT system uses the information gathered to determine whether an individual is eligible for the Food Stamp program. The Food Stamp Claim Tracking System (FSCTS) records claims filed against clients for overpayment of food stamp benefits because of a misrepresentation of facts by a client.

***Medicaid Eligibility Determination.*** While the Department of Medical Assistance Services (DMAS) administers the Medicaid program, local department of social services eligibility workers determine whether clients are eligible to receive Medicaid benefits. Medicaid provides financial medical assistance to four groups meeting specific financial and non-financial requirements:

1. Low-income and low financial resource families and children;
2. Low-income indigent children and pregnant women;
3. Low-income and low financial resource individuals over the age of 65, or blind and disabled individuals of any age; and
4. Low-income and low financial resource individuals in long-term care facilities or receiving services in their home.

Virginia also administers the Family Access to Medical Insurance Security Plan (FAMIS), which is a program that provides medical insurance for low-income children not eligible for Medicaid. Local department eligibility workers use ADAPT to determine eligibility for both Medicaid and FAMIS. Most local

departments also use the Medicaid Pending Application System (MEDPEND) to record and monitor the processing of Medicaid applications.

***Temporary Assistance for Needy Families (TANF) and Virginia Initiative for Employment, Not Welfare (VIEW).*** TANF provides temporary cash assistance to eligible families with children and establishes employment requirements and initiatives for individuals who are able to work. The mandatory employment program VIEW assists participants in obtaining skills and experience necessary to obtain and maintain employment. Local eligibility workers determine whether individuals are eligible for TANF, and some local departments have staff that provide job training services through the VIEW program. Other departments, however, partner with outside organizations that provide skills assessments, job readiness, and life skills training.

Local department eligibility workers use ADAPT to determine eligibility for TANF. The Income Eligibility Verification System (IEVS) is then used to verify income and other information about clients to ensure they are eligible for the program.

***Energy Assistance Program.*** This temporary benefit program helps low-income households meet their immediate home energy needs through fuel, crisis, cooling, and weatherization assistance. Local staff determine eligibility for the program, and the State authorizes and makes payments to vendors on behalf of the recipient. The subsidy reduces or eliminates a portion of the cost for these services that the recipient's household must pay.

Local department staff use the State-provided Energy Assistance System (EAS) to generate authorization documentation, which is mailed by the State DSS to both recipients and vendors. The EAS automatically approves or rejects applicants and based on income and other factors determines the amount of the benefit if the applicant is approved. Once an applicant is approved, the EAS is also used to authorize and monitor vendor payments.

***Benefit Program Eligibility Requirements Are Varied and Voluminous.*** A good example of the variation in requirements across benefit programs is the income threshold. The income eligibility threshold for Medicaid is at or below 65 percent of the federal poverty level (FPL), while it is 130 percent of the FPL for the Food Stamp program, and either 60 percent or 100 percent of the FPL for TANF depending on whether the applicant is exempt from work requirements. These differences in federal requirements have made it challenging to integrate the eligibility process across programs, and to develop information

systems that can address and coordinate the various rules and requirements.

***The Medicaid, food stamp, and TANF manuals alone total more than 3,000 pages.***

The requirements for most benefit programs are voluminous as well. Eligibility workers at local departments must be knowledgeable about all of these requirements, and keep up-to-date as the requirements change and evolve over time. Figure 4 shows the manuals that an eligibility supervisor in a class III agency in southwest Virginia uses and maintains. The Medicaid, food stamp, and TANF manuals alone total more than 3,000 pages.

**Figure 4  
Manuals and Handbooks for Eligibility Programs Used by  
a Local Department Eligibility Supervisor**

Source: JLARC staff photograph.



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### **Benefit Program Caseloads and Funding Have Grown Steadily Since 2000**

As Tables 2 and 3 show, all major benefit programs have experienced caseload and funding growth in recent years. Energy assistance caseloads in particular have risen substantially, increasing 46 percent between 2000 and 2004. Some of these trends are not unique to Virginia. For example, food stamp caseloads are up 39 percent nationwide during the same time period. While Medicaid program funding is by far the largest program expenditure, the Food Stamp program is the largest of the locally-administered social services programs. Since 2000, there has been a 59 percent increase in food stamp funding, most of which comes from the federal government. The nationwide increase in Food Stamp program funds during the same time period has been 64 percent.



**Table 2**  
**Recent Caseload Trends for Benefit Programs**

Source: State DSS Information Resource Book, 2005.

	<u>2000 Caseload</u>	<u>2004 Caseload</u>	<u>Change in Caseload Since 2000</u>
Energy Assistance <sup>1</sup>	98,604	143,979	<b>46%</b>
Food Stamp <sup>2</sup>	339,568	436,637	<b>29</b>
Medicaid <sup>3</sup>	338,096	417,250 <sup>4</sup>	<b>23</b>
TANF <sup>3</sup>	33,584	34,436	<b>3</b>

<sup>1</sup>Total annual households served.

<sup>2</sup>Average monthly recipients.

<sup>3</sup>Average monthly cases.

<sup>4</sup>This number is an estimate of 2004 Medicaid enrollees.

**Table 3**  
**Funding Trends for Benefit Programs**

Source: State DSS Information Resource Book, 2005.

	<u>2000 Program Funding (millions)</u>	<u>2004 Program Funding (millions)</u>	<u>Change in Program Funding Since 2000</u>
Energy Assistance	\$27.0	\$28.6	<b>6%</b>
Food Stamp	265.7	421.3	<b>59</b>
Medicaid <sup>1</sup>	2,410	3,460	<b>44</b>
TANF	98.5	116.9	<b>19</b>

<sup>1</sup>Payments funded by the Department of Medical Assistance Services.

The nature of the work required to administer these programs is changing as well, both in Virginia and nationally. State DSS and local department staff both report an increase in the complexity of Medicaid cases, especially new cases in certain localities dealing with long-term care or asset transfers. Officials in other states also are noting an increase in both the volume and complexity of Medicaid cases due to the aging of the nation's population.

### **Benefit Program Performance Is Mixed Compared to State Targets**

Program caseloads are essentially the collective “outputs” of the 120 local departments. Beyond tracking these caseloads, program performance can be measured in other ways as well. The State DSS also collects some outcome-oriented performance information, which JLARC staff have grouped into two categories consistent with House Joint Resolution 193: (1) quality measures and (2) timeliness measures. While fully assessing performance against true outcome measures is difficult, gauging the State's progress on some of these existing measures against State-defined targets provides insight into Virginia's performance administering benefit programs.

Two of the largest benefit programs in terms of program spending are the Food Stamp program and TANF. To assess the quality of the system's delivery of these programs, JLARC staff identified three performance measures for which current data is available:

- Food stamp participation, which is the number of program participants divided by the number of potentially eligible participants, based on the number of people below the 2000 Census poverty level;
- Food stamp payment error rate, which is a measure of erroneous issuance of benefits; and
- TANF job retention rate, which is the percentage of participants who are employed at least three months after their first employment date.

JLARC staff also identified measures of timeliness for the Food Stamp and Medicaid programs, again based on currently available data.

- Food stamp application processing timeliness, which is the percentage of food stamp applications processed within the 30-day time limit for regular applications and 7 days for expedited applications; and
- Medicaid application processing timeliness, which is the number of Medicaid applications processed within a 45-day time limit.

As shown in Table 4, the State is close to, but falls short of its performance targets for some of these measures. There are not specific federal requirements for most of these measures. However, Virginia has in the past received performance bonuses for ranking high nationally in the TANF program and received performance bonuses in 2002, 2003, and 2004.

**Table 4**  
**Selected Benefit Program Quality and Timeliness Measures**

Source: State DSS Information Resource Book, 2005, and State DSS Division of Quality Management.

	<u>Latest Statewide Data</u>	<u>State Target</u>
<b>QUALITY MEASURES</b>		
Food stamp participation rate <sup>1</sup>	<b>74.8%</b>	80%
Food stamp payment error rate <sup>2</sup>	<b>5.71</b>	3% or less
TANF job retention rate <sup>3</sup>	<b>72.4</b>	75
<b>TIMELINESS MEASURES</b>		
Food stamp applications processed in 30 or 7 days <sup>1</sup>	<b>98.8</b>	97
Medicaid applications processed in 45 days <sup>4</sup>	<b>88.8</b>	90

<sup>1</sup> Data are from July 2005.

<sup>2</sup> Data are from October 2004-April 2005.

<sup>3</sup> Data are from June 2004- May 2005.

<sup>4</sup> Data are from June 2005.

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## **MOST SERVICE PROGRAM CASELOADS AND FUNDING ARE GROWING, BUT PERFORMANCE IS MIXED**

Local departments administer a number of programs that are designed to provide support or protection to Virginia's vulnerable children and adults. Caseloads for these programs have grown, as has funding. Virginia's performance in these program areas is generally below State and federal requirements.

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### **Local Departments Administer Programs That Provide Support and Protective Services to Children and Adults**

Local departments conduct a range of activities, including responding to complaints of abuse of both children and adults, arranging for foster care and adoptive services for children, and either directly providing or arranging for numerous counseling, treatment, and support services. Each of the major service programs administered by local departments is briefly described below.

***Child Care and Development.*** This program seeks to enhance the quality, affordability, and supply of child care available to families through an annual federal award fund. Local department staff determine eligibility as well as distribute funding to child care centers for services to eligible families. State DSS staff are responsible for licensing child care centers and enforcing regulations. The State establishes payment rates.

***Adoption and Foster Care.*** The purpose of adoption is to place children who have been legally separated from their birth parents with a new family, giving the new parents the same rights and obligations as biological parents. Foster Care provides temporary room, board, and services until a child can return to his or her family, or be placed in an adoptive home or another permanent foster care placement. To administer these programs, local social workers conduct a range of activities, including arranging for foster care placement with foster families and in residential facilities and, when appropriate, facilitating adoptions. The legal aspects of guardianship involved in adoption and foster care also require local social workers to frequently interact with the judicial system, and testify in custody cases or provide evidence. Local department staff use the On-line Automated Services Information System (OASIS) to capture information about children in these programs, and then report that information as required to the State and federal levels.

***Child Protective Services (CPS).*** This program provides services to protect children from abuse and neglect and to preserve families to the greatest extent possible. Local departments receive reports of abuse and neglect, investigate

and determine the validity of reports, and provide services to enhance child safety and prevent further abuse and neglect. Local CPS workers are on call 24 hours a day on a rotational basis and must be prepared to respond to complaints and issues as they arise, acting in what they believe to be the best interest of the child. The CPS, Foster Care, and Adoption programs are closely related and are evolving to become a more integrated set of programs focused on the safety of children, preservation of families, and permanency of living situations for children. Local CPS workers also use the OASIS system to capture and report information about cases.

***Adult Service Programs.*** One of the primary goals of these programs is to protect and empower vulnerable adults and provide them the opportunity for independence. Under the umbrella of adult services programs are sub-programs such as home-based care and companion services for disabled or elderly adults; Adult Protective and Domestic Violence Prevention Services that investigate and address complaints of abuse against adults; and auxiliary grants to offset the costs of care in assisted living facilities. Local department staff directly provide or arrange for services for clients in each of these program areas. Until recently, there was no statewide automated system to capture information about these programs. However, the State DSS has developed an Adult Services / Adult Protective Services (ASAPS) system to collect information about recipients and the types of service they receive.

***Service Program Decisions Require Interpretation and Judgment.*** As with benefit programs, the standards and requirements for service programs are extensive. In addition, local staff must often use subjective judgment when making decisions about the well-being of children and adults, especially in the Adult and Child Protective Services, Adoption, and Foster Care programs. The well-being and safety—and, at times, the lives—of children can be at stake when, for example, determining whether to remove a child from a home. Local social workers often must make important decisions based on program requirements, local expectations and practices, and their own judgment. JLARC's December 2004 assessment of CPS found that in the majority of cases, local social workers made appropriate decisions that appeared to be in the best interest of children. Local social workers also spend more time in the field than eligibility workers and are required to conduct home visits, coordinate with other agencies to provide treatment, and appear in court to testify at removal hearings and other legal proceedings.

## Service Program Caseloads and Funding Have Increased Since 2000

As shown in Tables 5 and 6, caseloads and funding for all major service programs except adult service programs have increased since 2000. However, despite this decline in adult service caseloads, some local departments report an inability to meet adult services needs. Adoption caseloads in particular have increased substantially, partially as a result of the increased emphasis on moving children out of foster care and into permanent living situations. Foster care caseloads have increased less dramatically, but funding in the foster care area has grown substantially since 2000 and now totals more than \$117 million annually. Nationally, foster care funding has also increased substantially. State DSS, local departments, and other state officials note that the rise in medical costs for specialized treatment services and a general increase in the complexity of the issues faced by some children in foster care, such as severe behavioral problems or substance abuse,

**Table 5**  
**Recent Caseload Trends for Service Programs**

Source: State DSS Information Resource Book, 2005; VDSS and JLARC Report: Review of Child Protective Services in Virginia, 2004.

	<u>2000 Caseloads</u>	<u>2004 Caseloads</u>	<u>Change in Caseload Since 2000 (percent)</u>
Adult services <sup>1</sup>	No data	No data	<b>No data</b>
Home-based	5,990	5,777	-4%
Auxiliary grant	6,714	6,386	-5
Adoption	3,617	6,496	<b>80</b>
Foster care	7,105	8,055	<b>13</b>
Child care	No data	28,695	<b>No data</b>
CPS <sup>2</sup>	29,069	32,148	<b>11</b>

<sup>1</sup>Historical caseload data is not available for all adult services programs; therefore, overall trend information is not provided.

<sup>2</sup>Total completed CPS complaints.

**Table 6**  
**Recent Funding Trends for Service Programs**

Source: State DSS Information Resource Book, 2005; State DSS 2004 Program Report, Adult Services; and JLARC Report: Review of Child Protective Services in Virginia, 2005.

	<u>2000 Program Funding (millions)</u>	<u>2004 Program Funding (millions)</u>	<u>Change in Program Funding Since 2000 (percent)</u>
Adult Services <sup>1</sup>	No data	No data	<b>No data</b>
Home-based	\$15.6	\$16.4	5%
Auxiliary grant	22.2	19.1	-14
Adoption	21.7	43.3	<b>100</b>
Foster Care	63.9	117.1	<b>83</b>
Child Care	117.1	139.5	<b>19</b>
CPS	19.7	21.3 <sup>2</sup>	<b>8</b>

<sup>1</sup>Historical funding data is not available for all adult services programs; therefore, overall trend information is not provided.

<sup>2</sup>Estimated CPS Allocation from 2004 JLARC report on CPS.

are driving the cost of foster care higher each year. Finally, child care program funding is the largest single service program area in terms of funding at nearly \$140 million in 2004.

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### **Service Program Performance Compared to Evolving State Targets and Federal Standards is Mixed**

As with benefits programs, service program caseloads are the collective outputs of the 120 local departments. The concept of more outcome-oriented performance measures is evolving for many service programs, in part because of a fundamental shift in the way that the federal government defines and evaluates performance for child welfare programs.

In 2004, the Children's Bureau of the U.S. Department of Health and Human Services conducted a Child and Family Services Review (CFSR) in Virginia. The review assessed the State's performance on seven child welfare outcomes related to child safety, permanency, and well-being, and seven systemic factors pertaining to the State's ability to achieve positive outcomes for children who enter the child welfare system. The review gave Virginia high marks in four of 14 measures, but also found significant areas in which improvement is needed.

In response, Virginia has drafted a Program Improvement Plan (PIP) to address the improvement areas identified by the federal review. The collection of data based on new outcome measures and the implementation of the PIP are still underway, making the assessment of Virginia's performance in the service program areas a work in progress. However, gauging the State's progress on some of these measures against State-defined targets and other benchmarks, particularly State or federal requirements, does provide insight into the performance of Virginia's service programs.

The service programs that comprise the majority of local department time and resources are the Adoption, Foster Care, and CPS Programs. There is minimal available information about the quality and timeliness of services provided for the Adult Service programs. To assess the quality of the system's delivery of the remaining major service programs, JLARC staff identified three performance measures based on currently available data:

- Recurrence of child maltreatment, which is the ratio of children with a founded case of child abuse or neglect that had a previous founded report within the preceding two years (In 2004, JLARC assessed the State's performance in CPS);
- Percentage of adoptions from foster care, which is the percentage of children in foster care that are adopted; and

- Percent stability in first year of foster care, which is the percentage of children in foster care who have no more than two foster care homes during the first year in care.

JLARC staff also identified three measures of timeliness for which current data was available:

- Percentage of reunification in first year of foster care, which is the percentage of children in care reunited with their families within 12 months of entering care;
- Percentage of adoptions finalized in two years in foster care, which is the percentage of children adopted within 24 months of entering foster care; and
- Average time in foster care, which is the average number of months a child remains in foster care.

As shown in Table 7, the State's performance measured against State targets and federal requirements is mixed. While CPS and other service programs are minimizing the recurrence of maltreatment for children, State targets and federal requirements for most measures of adoption and foster care quality and timeliness are not being met. This is partly because the targets and requirements for three of the measures cited in these areas were recently increased in response to the 2004 federal Child and Family Services review. The State is, however, very near its targets for stability in the first year of foster care and adoption finalized within the first two years in foster care.

**Table 7  
Selected Service Program Quality and Timeliness Measures**

Source: Child and Family Services Review; State DSS Division of Quality Management; Progress to Excellence, May 2005; and Program Improvement Plan, State DSS.

	Statewide Data	State Target	Federal Requirement
<b>QUALITY MEASURES</b>			
Recurrence of child maltreatment <sup>1</sup>	<b>1.8%</b>	4.5% or less	6.1% or less
Percent adoptions from foster care <sup>2</sup>	<b>3.2</b>	None <sup>4</sup>	None <sup>4</sup>
Percent stability in first year of foster care <sup>1</sup>	<b>86.1</b>	88.6 <sup>5</sup>	86.7
<b>TIMELINESS MEASURES</b>			
Percent of reunification in first year of foster care <sup>1</sup>	<b>69.6</b>	75 <sup>5</sup>	76.2
Percent of adoptions finalized within two years in foster care <sup>1</sup>	<b>20.3</b>	21.2 <sup>5</sup>	32.0
Average time in foster care <sup>3</sup>	<b>30.3 months</b>	None <sup>4</sup>	None <sup>4</sup>

<sup>1</sup>Data are from April 2004 to March 2005.

<sup>2</sup>Data are from fiscal year 2004.

<sup>3</sup>Data are from fiscal year 2005.

<sup>4</sup>State targets and federal standards in these areas have evolved to focus on other measures discussed below.

<sup>5</sup>State targets are goals from Virginia's PIP as required by the CFSR. Goal is for percent stability in first year of foster care by December 2006, while the reunification within 12 months and adoptions within 24 months goals are by October 2006.

Fully understanding the operations and performance of Virginia's social services system requires understanding the complex environment that confronts local departments, and their wide range of local characteristics, resources, and individual levels of performance, which are discussed in the next chapter.

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## Local Structure and Performance

### In Summary...

A major strength of Virginia's social services system is its locally-administered structure. Local administration is beneficial primarily because it allows local departments to operate with flexibility and develop the local relationships and partnerships that are critical to functioning effectively. However, access to important resources, such as funding and experienced, highly qualified staff, varies substantially among local departments. Some departments that lack these resources struggle, and perform below State targets and federal requirements in multiple program areas. These low levels of performance and lack of access to resources at some departments are the major disadvantages to Virginia's locally-administered system, and highlight the importance of effective State supervision and support.

This chapter evaluates the current structure of the social services system and the performance of local departments. It includes a discussion of (1) the external factors that impact local department caseloads; (2) the benefits of a structure with local administration; (3) the variation in access to critical resources and capabilities, including the lack of access at some local departments; and (4) the variation in performance among localities, including the low performance of some departments.

### EXTERNAL FACTORS LARGELY DETERMINE LOCAL DEPARTMENT CASELOADS

External factors beyond the control of local departments largely determine the caseload and the nature of casework that confronts them. Most program requirements are set by the federal government, and the vast majority of remaining requirements are determined by the State. In fact, there are more than 50 federal and State mandates that apply to local departments of social services.

In addition to program requirements, the characteristics of the locality that the department serves are beyond its control as well. Some of these local characteristics are associated with the caseloads at local departments. Of these characteristics,

the size of the local population appears to have the greatest association with Medicaid, food stamp, and TANF caseloads at each local department. Population size also appears to have a high association with the number of ongoing foster care, adoption, and CPS cases for a local department. Other local characteristics, including population density, percentage of female-headed households, and percentage of non-English speaking individuals also appear to have a moderate association with program caseloads in a given locality. Local economic conditions and poverty play a role as well. Because these characteristics are outside the control of local departments, the vast majority of the caseload is beyond local control.

This variation in local characteristics leads to wide ranges of caseload levels among Virginia's 120 local departments. For example:

- In 2004, Richmond City had 30,546 clients participating in the Food Stamp program, accounting for nearly seven percent of the statewide total. Rappahannock, by contrast, had only 136 persons participating in the Food Stamp program, less than .03 percent of the statewide total. Figure 5 shows the distribution of food stamp cases by locality.

**Figure 5**  
**Food Stamp Cases by Locality**

Source: State DSS data, 2004.



- Virginia Beach received 7,139 Medicaid applications in 2004, or nearly six percent of the statewide total. Radford received only 79 Medicaid applications, or .06 percent.
- Fairfax County had an average of 466 children in foster care in 2004, or nearly six percent of the statewide total. Bath County had an average of only four children in foster care, or .05 percent of the statewide total. Figure 6 shows the distribution of foster care children by locality.

The locally-administered nature of Virginia's system provides each department with flexibility to respond to these differing caseloads as they see fit. As discussed below, this flexibility is among the most important advantages of a locally-administered system.

**Figure 6**  
**Children in Foster Care by Locality**

Source: State DSS data, 2004



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## LOCAL ADMINISTRATION IS STRENGTH OF VIRGINIA'S SYSTEM

Virginia's locally-administered social services system has two major benefits. These are the ability of local departments to exercise operational flexibility to meet local needs, and to develop important local relationships and partnerships. Both of these benefits appear critical to effectively delivering social service programs to individuals and families in Virginia.

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### Local Departments Can Operate with Flexibility

Because each local department independently administers social services programs, it can operate as it believes necessary within federal and State regulations. This flexibility, which would not be present in a State-administered system, allows local directors and staff to determine how best to meet the needs of the individuals and families they serve.

***Local Departments Tailor Program Strategies to Their Localities.*** Within the parameters of program requirements and standards, local departments have significant flexibility to determine the appropriate strategies to administer programs. This allows each local department to determine the unique needs of the citizens in their jurisdiction and employ the most appropriate strategies to meet those needs. Local departments also can adapt quickly to changing local characteristics. The economic and cultural diversity across the State impacts the caseload levels and nature of the casework that confronts local departments, and the types of program strategies that may be needed to manage those caseloads.

For example, the economic conditions in Northern Virginia differ significantly from the economic conditions in southside Virginia. While this certainly has an impact on the percentage of citizens in these respective areas that receive assistance, it also has an impact on the needs of those populations. The service and information-based economy of Northern Virginia means that citizens need different skills to keep and maintain employment than they might in the more seasonal economy of parts of southside Virginia. Local department staff in both of these regions talked about how they must specifically tailor job training services to account for these subtle, but critically important differences.

Other variations in local conditions require differing strategies as well. For example, the availability of public transportation in cities like Richmond creates a different environment for local needs than in less densely populated rural areas in southwest Virginia. Local workers in southwest Virginia must spend more time securing transportation for individuals and families to and

from the local department of social services, to other organizations that will provide services, and to places of employment.

Most cities also have concentrations of public housing or assisted living facilities. To account for this, staff in the City of Bristol provide targeted outreach in these areas to identify needs and provide services. Other more rural localities may have individuals with needs scattered across a wide geographic area, making it much more difficult to provide services or conduct outreach in such a targeted manner. Similar differences in the availability of child care, access to treatment services, and the history and culture of the individuals and families that comprise a locality also impact the strategies that local departments must employ.

Finally, because of their knowledge of the community and geographic proximity in the locality, local departments can adapt and provide services quickly when natural disasters or other unexpected emergencies occur. Directors and staff at several local departments recounted the important role that their department played in responding to immediate local needs for government assistance during recent hurricanes and other unexpected events. These responses included facilitating food and shelter for clients and serving as a central coordinator for both government and non-profit assistance.

***Local Departments Use Flexibility to Determine Their Organizational Structure.*** Nearly all local departments exercise the flexibility to create their own organizational structure to best meet their internal and client needs. The different sizes and strengths and weaknesses of staff at each local department place a premium on the ability of each local director to determine how to best organize the department. For example, larger departments require more administrative support and often distribute responsibility across different staff, allowing them to specialize in certain programs or aspects of client service. Some of these departments also have dedicated intake workers who ask preliminary screening questions of all clients, then route them to the appropriate benefit or service program staff who specialize in certain program areas. Larger departments may also have case aides, clerical staff, and other administrative support staff that help front-line staff or specialize in certain areas of administration, such as IT.

In contrast, smaller departments often do not have enough staff to allow them to specialize in certain areas and do not require as much administrative support. Front-line staff at most smaller departments work in multiple program areas and are responsible for administrative tasks as needed. For example, a benefit program supervisor at one small local department also served as the IT manager for the department.

Two local departments visited by JLARC staff also tailor their organizational structures based on the strengths and characteristics of their staff. For example, a few local departments now distinguish between managing new and ongoing caseloads. These departments noted that staff who prefer a dynamic environment may be better at managing a rolling list of new cases, while other staff who enjoy consistency and developing long-term relationships with clients may prefer to manage ongoing caseloads.

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## Local Departments Develop Important Relationships and Partnerships

Because many services are delivered at the local level, organizational and personal relationships between the local department of social services and other organizations that share a similar mission are important. Virginia's locally-administered system allows departments to develop relationships with other government organizations and partnerships with non-government organizations that may provide similar or complementary services.

### ***Local Directors and Staff Work Closely with Other Local Government Entities.***

The complex nature of the issues most social service programs try to address necessitates working closely with the law enforcement community, courts, and the school system. Each of these entities is also locally-administered, which facilitates the development of important relationships between directors and staff at local departments of social services and these other local government institutions. For example, the legal aspects of Child Protective Services (CPS), foster care, and adoption require local service workers to routinely attend and testify at court proceedings. Over time, these service workers develop important relationships with judges, court staff, and members of the law enforcement community. These relationships enable local departments and other parties involved to more effectively collaborate in achieving solutions that serve the interest of children and families.

### **Other States Report Similar Benefits**

North Carolina, Pennsylvania, Ohio, and Colorado also have locally-administered social services systems. Officials from these states also said that local administration was a strength of their system because it provided the ability to be flexible, tailor strategies, and build relationships at the local level.

Local directors over time also develop important relationships with local government decision-making bodies and officials, including city councils, county administrators, and local government budget staff. These relationships often facilitate local governments' understanding of the complex funding process and the need to provide local funds to support local social service needs. According to many local directors, these important local relationships help them sustain the more than \$165 million that local governments contribute to Virginia's social services system each year.

***Local Departments Partner with Other Non-governmental Organizations.*** Local departments also develop partnerships with non-governmental organizations with similar missions. These organizations include non-profit service providers that offer life-skills training, job-readiness training, and counseling services for substance abuse or depression. They also include churches and local clothing and food banks. Though there are not always formal partnerships with these organizations, this informal network is a valuable resource that social services staff use to meet local needs. For example, when an individual or family does not qualify for a specific program, or when the individual or family needs services that are not provided by the local department of social services, many local departments will place them in contact with non-government organizations that may be able to help.

Finally, some local department staff, especially in smaller communities, serve on multiple boards and organizations that increase their visibility within the community. Numerous local staff at smaller departments reported serving on school boards, parent-teacher associations, local task forces, United Way campaigns and other local charity initiatives, and serve as mentors and role models in the community. The relationships that are developed through these venues appear to help facilitate community understanding of social services programs, and keep local department staff informed about changing local needs.

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## **LOCALLY-ADMINISTERED SYSTEM CONTRIBUTES TO WIDE VARIATION IN RESOURCES AND CAPABILITIES OF LOCAL DEPARTMENTS**

One of the major trade-offs in a locally-administered system is the wide variation in the resources and capabilities of local departments. While some departments have access to resources and have developed the capabilities necessary to effectively administer their programs, other localities are impeded by limited resources and capabilities. These differences place some local departments at a disadvantage as they strive to serve their locality.

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## **Availability of Funds Varies Substantially and Some Local Departments Lack Ability to Obtain Needed Funds**

Local departments receive funding from the federal government, the State, and their respective local government. These funds, especially administrative funds, are an important resource for local departments to fund staff salaries, supplies, travel, and other overhead expenses. Increases in these administrative funds allow local departments to hire more staff, which is one of the most important ways to respond to the

changes in caseload and the nature of casework caused by external factors.

The availability of funds across Virginia's 120 departments varies considerably. This is in part driven by the different levels of revenue that local governments have at their disposal. For example, while Arlington had \$2,986 in local revenue per capita in 2004, Smyth had only \$514. This wide range in access to funds can force some departments to be resourceful in their efforts to raise additional funding by, for example, independently applying for small grants to supplement existing levels of funding. Chapter 4 will provide more information about the variation in local access to administrative funding and its impact on local departments.

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### Some Local Departments Lack Program Expertise and Experienced Directors and Staff

#### High and Low Local Performance

JLARC staff selected eight of the performance measures discussed in Chapter 2 to also characterize local performance in Chapter 3. For this chapter, JLARC staff identified a local department as high-performing if it performed above the State target or federal requirement on five of the eight measures. A low-performing local department is defined as one that falls at least 15 percent below the State target or federal requirement on at least three of the eight measures selected.

The ability and expertise of the local director and staff are perhaps the most valuable resources for a local department. Those with experienced, well-informed directors and staff generally appear to be able to navigate the complex environment and have sufficient program and administrative expertise within their department. Examples from high-performing departments illustrate the importance of expertise and experienced directors and staff.

***Experienced and Well-informed Local Directors Provide an Advantage.*** Several directors at departments visited by JLARC staff appeared particularly knowledgeable and effective. For example, the Shenandoah Valley director is a former State DSS Commissioner and has decades of experience in local and regional offices. Supervisors and staff at this local department repeatedly said that without the director's expertise and experience about funding, program requirements, and Virginia's social services system, they would not be able to secure resources and perform as efficiently and effectively as they do. In Franklin City, when asked about why his department has generally been able to obtain a relatively higher percentage of local funds, the director cited the support of local government. The director noted that part of this support is based on his characterization of the locality's contribution each year as an investment in the community that provides a higher return than other local spending because of the matched federal dollars that are brought into and often spent in the locality.

***Experienced Program and Administrative Staff Are Critical to Local Operations.*** The three eligibility supervisors in Lee County have an average of 29 years of experience. The director repeatedly referred to this experience and believed it allowed Lee to perform well in the benefits program areas and manage recent increases in local caseloads for benefit pro-



grams. Administrative staff at several high-performing departments also had significant experience and knowledge, particularly in human resources and financial management. The directors at these local departments underscored how their ability to navigate the system was an important advantage, and how it made their departments more efficient and effective in part because they could focus on other important areas.

***Some departments appear at a disadvantage because of the lack of experience and abilities of their director or staff.***

In contrast, some departments appear at a disadvantage because of the lack of experience and abilities of their director or staff. Some local departments report difficulties retaining experienced staff, and challenges in hiring qualified staff to replace them. Others are led by directors who are new to the system, or do not have the appropriate background to run a local department. One recently hired local director readily admitted to being woefully under-prepared for the demands of the position and felt at a loss as to how to prepare and administer a budget and run the department. Chapter 5 will provide more information about local directors and staffing and the human resource challenges confronting the system.

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### **Some Local Departments Lack the Ability to Effectively Plan and Make Management Decisions**

The ability to plan and make decisions about programs and the allocation of resources is a critical resource local departments need to operate efficiently and effectively. To conduct such planning, local departments need important information about current or projected local conditions, upcoming changes in program requirements, operational measures of timeliness and quality within the local department, and a clear understanding of how their actions over time impact client outcomes. Some local departments appear to have strong abilities in this area or demonstrate resourcefulness in creating the data and processes to plan and make management decisions.

For example, Hanover County has a formal quality management program that features a comprehensive, ongoing planning process to improve its operations and decision-making. The program includes defining output and outcome goals, measuring progress against those goals by collecting data and conducting internal and client surveys, and routinely adjusting plans as needed based on their progress. This planning is also linked to Hanover's local budget process, which allows the county to prioritize and make decisions based on the funds that are available to operate. In 2004, this program was recognized by the National Association of Counties, receiving an achievement award for outstanding and innovative programs.

Lynchburg collects approximately 160 data elements on an ongoing basis and uses those to support local decision-making

about whether to change program strategies. The city tracks progress against these 160 measures in a single conference room with “white boards” on all walls that include data about their program operations and client base. Some of these measures are not available in the State-provided IT systems and are therefore collected separately by Lynchburg staff. The Lynchburg staff believe that having this data allows them to plan better, and make more informed decisions about how to change strategies or resources to improve performance.

*These departments appear to operate in a reactive, ad-hoc manner that prevents them from taking a data-driven, strategic approach to improving their operations.*

However, smaller departments (class I and II) do not have the staff to undertake these separate activities to support their planning and decision-making. Without these important capabilities, these departments appear to operate in a reactive, ad-hoc manner that prevents them from taking a data-driven, strategic approach to improving their operations. Directors at several low-performing local departments cited their inability to adequately plan their operations and make data-driven management decisions. These departments rely heavily on the State-provided IT systems and the State DSS staff for support in these areas, again highlighting the important role of the State for certain departments in Virginia's locally-administered system. Chapter 6 will discuss the extent to which State-provided IT systems support local management and decision-making.

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### **Local Departments in Rural Localities Have Limited Opportunities to Coordinate with Other Organizations**

Local departments of social services alone cannot meet the many needs of their locality's individuals and families. Consequently, coordinating with other organizations that seek to achieve similar outcomes is an important potential resource for some local departments. Some local departments have both the desire and opportunity to coordinate with other organizations, thereby capitalizing on one of the key benefits of Virginia's locally-administered system. For example, Fairfax spoke at length of its significant emphasis on working with non-profit and for-profit organizations that provide similar or complementary services. The director also noted that Fairfax and other localities have the opportunity to do this because such organizations are present in their locality.

Other local departments expressed a desire or need to coordinate with other organizations, but indicated that they lacked such organizations in their locality or region. For example, a number of local departments in southwest Virginia and other rural localities across the State noted that this lack of potential partners results in critical gaps in the services available to individuals and families in their locality. One such department noted a large increase in substance abuse cases through CPS

and foster care, but expressed frustration about helping its clients, because there were no substance abuse treatment clinics in the locality.

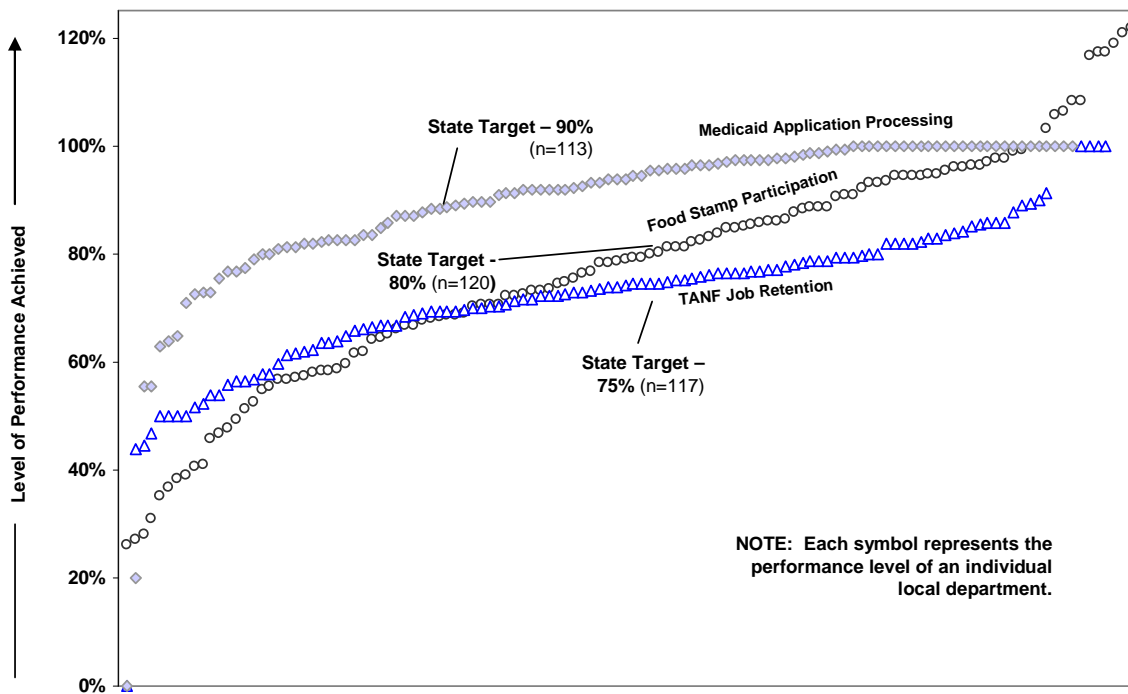
## A NUMBER OF LOCAL DEPARTMENTS DEMONSTRATE LOW PERFORMANCE

Along with the variation in local department access to importance resources and capabilities, a locally-administered system also results wide variation in performance across the 120 local departments. Figures 7 and 8 show the performance levels of local departments in relation to State targets and federal requirements for selected benefit and service measures.

While some departments appear to perform above State targets and federal requirements, based on the limited performance data that is available, it appears that a substantial number of local departments demonstrate low performance in single or multiple measures of program performance. For example, 62 local departments fell short of the State target of 80 percent for food stamp participation. Thirty-one localities fell at least 15 percent below the target. Sixty-five local departments

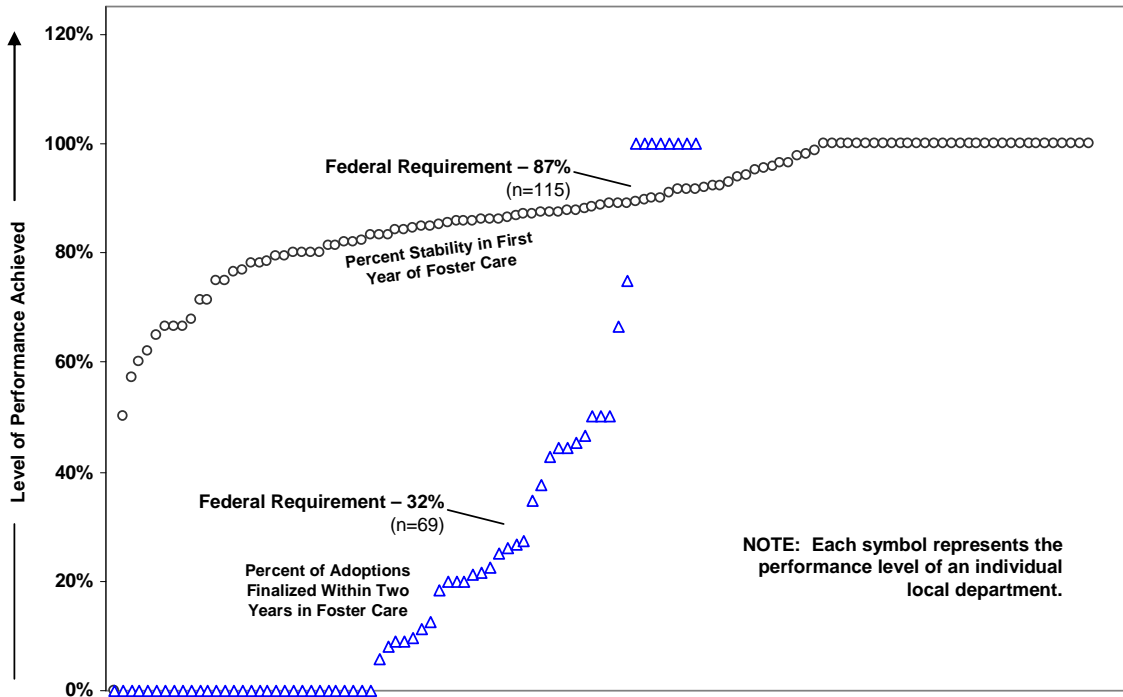
**Figure 7**  
**Local Departments in Relation to State Targets for Selected Benefit Performance Measures**

Source: JLARC analysis of State DSS data from FY 2004 and 2005.



## Figure 8 Local Departments in Relation to Federal Requirements for Selected Service Performance Measures

Source: JLARC analysis of State DSS data from FY 2004 and 2005.



### State Performance Targets

State targets for benefit programs are not set in statute, but rather set internally by the State DSS. These targets are designed to drive improvement, and are often established in areas without specific federal requirements that states must meet.

missed the State target of 75 percent for TANF job retention, while in 19 localities fewer than 60 percent of TANF recipients retained their job longer than three months. Eleven departments processed fewer than three-quarters of the Medicaid applications within the targeted timeframes.

Similar trends exist in measures of local service program performance. For example, 48 local departments fell short of the federal requirement for 87 percent stability in the first year of foster care. Forty-nine departments missed the federal requirement for 32 percent of adoptions finalized within two years in foster care, while 38 departments fell 15 percent or more below the federal requirement.

More concerning than those departments below performance targets or requirements on a single program measure, are those low-performing departments that fall below State target or federal requirements for multiple programs. Based on the data available, there appear to be 12 departments that perform at least 15 percent below the State target or requirement on three or more performance measures.

***Addressing these low-performing departments is partly a local responsibility, but doing so will also require effective State supervision and support.***

Although fully assessing the performance of individual local departments was not the focus of this review, these low-performing local departments should be concerning to both the locality they serve and the State DSS. Addressing these low-performing departments is partly a local responsibility, but doing so will also require effective State supervision and support. More broadly, the lack of access to important resources and capabilities of some departments with performance below targets and requirements underscores the importance of strong State supervision and support. If effective, this supervision and support can help local departments compensate for resource and performance gaps. The remaining chapters of this report focus on the resources and capabilities discussed in this chapter, and the adequacy of supervision and support provided by the State.

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## Local Administrative Funding

### In Summary...

Adequate funding is an essential resource for local departments, especially administrative funds to pay staff salaries. Overall, total administrative funds for local departments have increased 25 percent to \$385 million over the past five years, but this increase has not consistently followed the changes in caseloads and program funds discussed in Chapter 2. During this time the local government portion of these funds has grown from 19 to 25 percent. Local governments with greater ability to provide local funds have accounted for the vast majority of this increase, which appears to be driving further variation in local department administrative funding. The current State DSS methodology to allocate administrative funds does not account for local department caseloads or ability to pay. Consequently, the General Assembly may want to consider requiring the State DSS to change the allocation methodology for administrative funds.

As discussed in Chapter 3, funding is an important resource for local departments. Local departments use two major types of funding: program and administrative. Both types of funding have been increasing over the past several years, but most local directors and staff have major concerns with the sufficiency of administrative funding. Although administrative funding provided to local departments has grown, the local government share of that administrative funding has increased in recent years. This chapter illustrates how this increased use of local funds is contributing to wide variation in local department access to and use of administrative funds.

### LOCAL DEPARTMENTS USE ADMINISTRATIVE FUNDING FOR STAFFING AND OTHER ADMINISTRATIVE NEEDS

As discussed in Chapter 2, funding for most major social services programs has increased substantially during the last five years. Overall, funding for locally-administered programs (programs other than Licensing and Child Support Enforcement) totaled approximately \$1.1 billion in FY 2005. Of this, federal funds comprised 56 percent, State general funds comprised 27 percent, and local funds comprised 15 percent. The remaining two percent is in-kind matching funds, which

are transfer payments among governments for administrative costs incurred at local government agencies other than social services, but conducted on behalf of the local department, such as helping to develop budgets. Approximately \$763 million, or 67 percent of total system funding (excluding Child Support Enforcement and Licensing), was reimbursed to local departments of social services. This funding can be grouped into two main types of funds – program and administrative funds:

- Program funds are used primarily to pay for services, such as purchasing counseling services for individuals and families, or contracting with a non-profit organization to provide job training to VIEW clients.
- Administrative funds pay for the administrative costs associated with operating a local department, such as personnel, office space, supplies, equipment, and travel. These administrative funds are crucial to a department's ability to manage its caseload, which, as noted in Chapter 3, is largely beyond its control.

DSS allocates administrative funding to local departments in nine separate funding categories to track local department spending in various administrative areas. As shown in Table 8, there are two types of administrative funding categories: (1) those for which the State provides a portion of the funding, and (2) those for which the State provides no funds, called “pass-through” funds by the State DSS.

***There are two types of administrative funding categories: (1) those for which the State provides a portion of the funding, and (2) those for which the State provides no funds.***

***Administrative Funding Categories with a State Funding Contribution.*** As shown in Table 8, there are five funding categories for which the State provides a portion of the funding. Of these, the two main funding categories (831 and 832) include administrative funding for the major benefit and service programs, respectively. These two funding categories are the largest administrative funding categories, comprising over 60 percent of total administrative funding. Federal and State funds account for 80 percent of the funding for these categories, and 20 percent is local funding. The remaining three funding categories require no local funds.

***Administrative Funding Categories with No State Funding Contribution (Pass-Through).*** The four remaining funding categories in Table 8 receive no State funding, and are called “pass-through” funding categories. These pass-through funding categories are



**Table 8**

**Summary of Major Administrative Funding Categories Used by Local Departments**

Source: Locality Automated System for Expenditure Reimbursement (LASER) Manual, State DSS.

<u>Funding Category</u>	<u>Description</u>	<u>Match Rates</u>	
		<u>Federal / State</u>	<u>Local</u>
<b>Administrative Funding Categories with a State Funding Contribution</b>			
831 – eligibility administration	Costs such as personnel, office space, supplies, equipment, and travel for the administration of the financial assistance programs including TANF, food stamp, and Medicaid.	80%	20%
832 – service administration	Costs for the administration of the various service programs including adoptions, adult services, child day care, CPS, and foster care / family preservation.	80%	20%
860 – energy administration	All administrative costs for energy assistance.	100%	0%
872 – VIEW purchased services and administration	Costs related to the administration of the VIEW program. Funds are also used to purchase allowable VIEW employment services for VIEW participants.	100%	0%
884 – local day care staff allowance	Costs related to the administration of child day care.	100%	0%
<b>Administrative Funding Categories with No State Funding Contribution (Pass-through)</b>			
		<u>Federal</u>	<u>Local</u>
842 – eligibility pass-through	Administrative costs for financial assistance programs that exceed the approved State reimbursement level or are locally-funded.	50%	50%
847 – service pass-through	Administrative costs for service programs that exceed the approved State reimbursement level or are locally-funded.	25%	75%
876 – Title IV-E administration pass-through	Salary, fringe benefits, legal fees, and other administrative costs for Title IV-E staff who work with Title IV-E eligible cases and/or conduct foster or adoptive home studies.	50%	50%
885 – child care administration pass-through	Child care administrative expenditures that exceed the approved State reimbursement level or are locally-funded.	51%	49%

NOTE: In addition to the funding categories described in this table, there are several other minor funding categories that DSS classifies as administrative. These comprise less than ten percent of total local administrative expenditures.

funded entirely with federal and local funds. The local match rate is either 49 or 50 percent, with the exception of the service pass-through funding category (847), which has a local match rate of 75 percent. Pass-through funding can be used if a local department expends its federal/State allocation before the end of the fiscal year and also has local money available to draw down additional federal funds. If both of these criteria are met, DSS will process the requests for federal funds for the local department, and then forward the federal funds to the department through the reimbursement process.

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### **ADMINISTRATIVE FUNDING FOR LOCAL DEPARTMENTS HAS INCREASED, BUT IS NOT LINKED TO CHANGES IN CASELOAD**

Administrative funding for local departments has been increasing over the past several years, both from State and other sources. Because this funding primarily pays for staff to manage cases, the amount of administrative funding each department receives should in theory be linked—at least in part—to changes in caseload that occur over time. However, data show that on a statewide basis, there is no direct link between administrative funding and caseloads. In addition, DSS does not consider changes in caseloads when allocating State and federal administrative funds to the localities, which can lead to disparities between funding and caseloads among local departments.

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### **Overall Administrative Funding Has Increased**

Since FY 1999, the first year for which local financial data is available from DSS, total administrative funding (for the nine funding categories described in Table 8) for local departments increased 25 percent, from \$307 million in 1999 to \$385 million in 2004. As a point of comparison, program funding increased 46 percent during the same time period. On a statewide basis, administrative funding comprised 55 percent of total local department expenditures in FY 2004 (excluding benefit payments made by the State directly to recipients).

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### **Administrative Funding Levels and Allocation Methodology Not Directly Linked to Caseloads**

Administrative funding is critical to building capability and hiring sufficient local staff to manage caseloads. Consequently, changes in administrative funding levels

### Medicaid Caseloads and Administrative Funding

Administrative funding provided by DMAS to the State DSS, which is part of the 831 funding category intended to help local departments conduct Medicaid eligibility determinations, has outpaced the increase in Medicaid caseloads. In 1999, DMAS provided \$53.6 million to DSS. By 2004, this transfer doubled to \$107 million. Medicaid caseloads increased approximately 25 percent during that period.

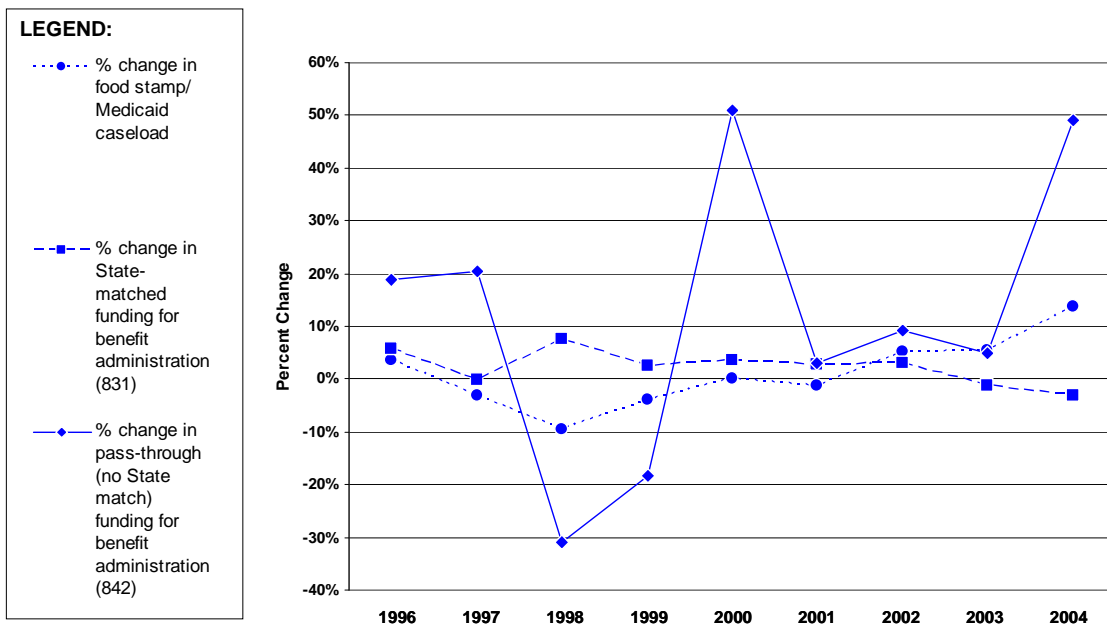
should correspond with changes in caseload over time. However, on a statewide basis, annual changes in funding for the major administrative line items are not consistent with annual changes in major benefit and service program caseloads.

### *Unclear Link Between Changes in Administrative Funding and Major Benefit and Service Caseloads.*

There is not always a direct relationship between changes in caseloads and changes in the two main funding categories that local departments use to fund major benefit and service programs. Figure 9 illustrates the changes in administrative funding for benefit programs and changes in two major benefit program caseloads. In five of the last nine years, changes in food stamp and Medicaid caseloads and State-matched administrative funding for benefit programs have trended in opposite directions. Pass-through funding fluctuates widely, sometimes moving in the same direction as changes in caseloads, and sometimes not.

**Figure 9**  
**Changes in Food Stamp / Medicaid Caseloads and Main Administrative Funding Categories for Benefit Progr**

Source: JLARC analysis of financial data from DSS's LASER system, and benefit program caseload data from ADAPT.



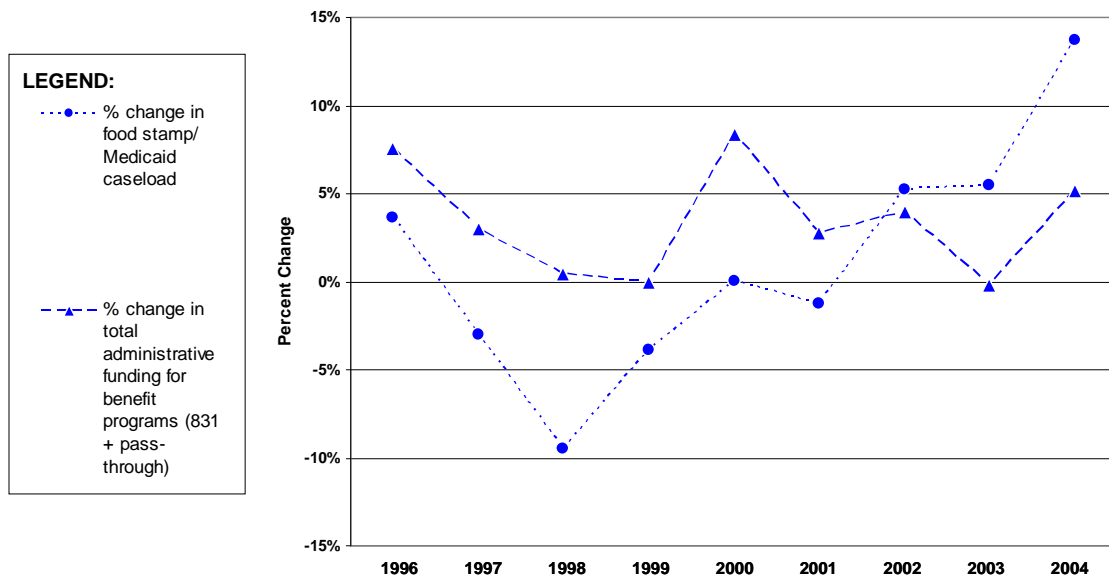
The situation is similar, although not quite as striking, for service program caseloads and administrative funding. Changes in the State-funded funding category for service administration and changes in caseloads for adoption and foster care (the two largest service programs) appear to move in the same direction much of the time, but not at the same rate. Pass-through funding again fluctuates widely, with upward spikes in 1996 and 2004.

However, the relationship between administrative funding and caseloads is more direct when the State-funded administrative funding categories and pass-through funding categories are combined. As shown in Figure 10, changes in administrative funding for benefit programs often move in the same direction as changes in Medicaid and food stamp caseloads when pass-through funding is included, although not always at the same rate.

The relationship between changes in administrative funding for service programs and foster care and adoption caseloads is also more direct when pass-through funding is included. This suggests that local departments may be supplementing the State-funded funding categories with local funding to keep pace with changes in caseloads.

**Figure 10**  
**Relationship Between Changes in Food Stamp / Medicaid Caseloads**  
**and Total Administrative Funding for Benefit Progr**

Source: JLARC analysis of financial data from DSS's LASER system, and benefit program caseload data from ADAPT.



***DSS Does Not Consider Caseloads When Allocating Funds for State-Funded Administrative Funding Categories.***

As stated in Chapter 1, DSS is responsible for allocating federal and State funds to local departments of social services. For the two main administrative funding categories for which the State provides a contribution (831 and 832), DSS uses a “past-year” funding allocation methodology, which means that local departments receive approximately the same amount of funding they received the year before. This methodology has been in use since the late 1980s, and does not account for changes in local characteristics, such as population increases or regional economic downturns or upturns, or resultant increases in local department caseloads that have occurred in individual localities since that time. This methodology also does not take into account factors that may affect a local government’s ability to provide funding for social services. However, these funding categories have increased over time, primarily because of cost-of-living adjustments and increases in administrative funding to account for significant program-driven events, such as Welfare Reform in the mid-1990s.

***One result of using this “past-year” allocation methodology for more than 15 years is a disparity at many local departments between the administrative funding they receive and the caseload they manage.***

One result of using this “past-year” allocation methodology for more than 15 years is a disparity at many departments between the administrative funding they receive and the caseload they manage. For more than half of the local departments, State-matched administrative funds for service programs would have to increase or decrease by more than 25 percent to match their percentage of the statewide service caseload. The same is true of 44 percent of local departments for benefit program administrative funds.

Tables 9 and 10 list the local departments with the greatest disparity between the portion of administrative funding received and benefit and service caseloads. The most extreme example of this disparity is Chesterfield-Colonial Heights. In 2004, Chesterfield-Colonial Heights had 2.82 percent of the total statewide benefits caseload, but received only 1.29 percent of the State-provided funding for benefits administration. This means that Chesterfield-Colonial Heights’ administrative funding for benefit programs (excluding pass-through) would need to more than double to reflect the percentage of the statewide caseload it manages. Chesterfield-Colonial Heights used pass-through funding to try to narrow this gap, but there was still a 49 percent discrepancy between benefit caseloads and

**Table 9  
Departments with the Largest Discrepancies  
Between Benefit Caseloads and Administrative  
Funding**

Source: JLARC analysis of financial data from LASER and benefits program caseload data from ADAPT.

<u>Local Department</u>	<u>Percentage of Statewide Benefit Caseload</u>	<u>Percentage of State-Matched Administrative Funding for Benefit Cases (831)</u>
<b>Caseloads Greater than Funding</b>		
Chesterfield-Colonial Heights	2.82%	1.29%
Franklin	0.90	0.49
Hanover	0.58	0.33
Spotsylvania	0.90	0.54
Russell	0.93	0.56
Danville	1.83	1.17
Essex	0.27	0.18
Henry-Martinsville	1.85	1.21
Tazewell	1.30	0.85
Patrick	0.40	0.26
<b>Caseloads Less than Funding</b>		
Highland	0.02%	0.08%
Charles City	0.09	0.25
Bath	0.04	0.11
Rappahannock	0.05	0.13
Goochland	0.11	0.27
New Kent	0.07	0.17
Surry	0.13	0.28

NOTE: The types of benefit cases included in this analysis are those that comprise the majority of local department workload: food stamp, Medicaid, and TANF.

administrative funding even after the department used pass-through funds.

As shown in the tables, some departments receive more funding than their caseloads on a percentage basis, and some receive less. The major difference between benefit and service programs is that there were more localities where the percentage of funding was greater than caseloads in the services area than the benefits area. For service programs, 71 percent of the departments received a higher percentage of administrative funding than their percentage of the statewide caseload. For benefit programs, 51 percent of the departments received a higher percentage of administrative funding than their percentage of the caseload.

**Table 10  
Departments with the Largest Discrepancies  
Between Service Caseloads and Administrative  
Funding**

Source: JLARC analysis of financial data from LASER and service program caseload data from OASIS.

<u>Local Department</u>	<u>Percentage of Statewide Service Caseload</u>	<u>Percentage of State-Matched Administrative Funding for Service Cases (832)</u>
<b>Caseloads Greater than Funding</b>		
King George	0.35%	0.20%
Harrisonburg-Rockingham	1.86	1.09
Stafford	1.28	0.77
Clarke	0.23	0.14
Shenandoah Valley	2.35	1.50
<b>Caseloads Less than Funding</b>		
Charles City	0.01%	0.20%
Lancaster	0.03	0.21
Southampton	0.07	0.40
Franklin	0.04	0.19
Appomattox	0.06	0.27
Nelson	0.05	0.19
Surry	0.09	0.30
Brunswick	0.10	0.30
Mathews	0.05	0.15
Middlesex	0.07	0.20
Lunenburg	0.05	0.14
Pittsylvania	0.29	0.80
Greensville-Emporia	0.17	0.43
Washington	0.30	0.75
Manassas Park	0.08	0.16
Powhatan	0.09	0.18

Note: The types of cases included in service caseload include CPS, foster care, and adoption. Insufficient local department data is available for adult service programs.

**Other Organizations Use More Comprehensive Funding Methodologies.** For many of the smaller departments, it may be appropriate that funding is greater than caseloads, because there is some minimum level of funding needed to run a local department, regardless of its caseload. However, as mentioned, other measures could be considered in addition to caseloads when the State DSS allocates State/federal funding to local departments. For example, some local departments of social services indicated that, in addition to caseloads, they take into account changes in population, poverty, and unemployment when assessing local needs as part of their local budget development process.

### **Pennsylvania Considers Local Needs**

Pennsylvania collects detailed, needs-based budget plans from its local departments. The plan includes a detailed budget justification, which requires linking resource requests to changes in local caseloads or characteristics and the ability to meet program mandates.

Other states with locally-administered systems and other Virginia agencies also use more comprehensive funding methodologies. For example, Pennsylvania collects budget justifications from its local departments of social services. These justifications require local departments to link funding requests to changes in caseloads and other factors. In Virginia, other State agencies use more comprehensive methodologies than the State DSS. For example, funding for local health departments is based in part on a locality's ability to pay. Similarly, Virginia's formula to provide funds for local school divisions is based on numerous factors beyond the number of children that go to school in that locality, including: pupil-teacher ratios for pupils with special needs; per-pupil costs for other items, such as textbooks; and local ability to pay.

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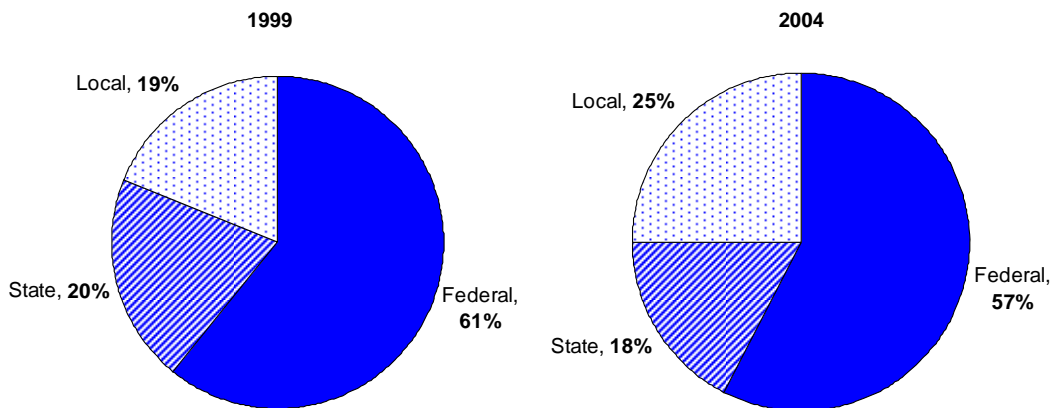
### **INCREASED USE OF PASS-THROUGH FUNDING HAS INCREASED THE LOCAL SHARE OF TOTAL ADMINISTRATIVE FUNDING**

As shown in Figure 11, the local government share of local department administrative funding has increased in recent years. In 1999, the local share of total administrative funding was 19 percent, while in 2004 it increased to 25 percent. Much of this increased administrative funding has come from local governments. Overall, local governments have accounted for 49 percent of the increase in total administrative funding since 1999.

The timing of this report precluded a complete analysis of FY 2005 local department financial data. However, summary analysis of FY 2005 data shows that this

**Figure 11**  
**Sources of Local Department Administrative Funds in 1999 and 2004**

Source: LASER data provided by the Department of Social Services.





trend of an increasing local government share of local department administrative funding is continuing. Total administrative funding for local departments increased seven percent from FY 2004 to FY 2005. During that time period the local share of total administrative funding increased further, to 27 percent.

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### **Lack of Clarity and Transparency about Local Share of Funding**

In Virginia, no policy dictates the appropriate local government share of social services administrative expenditures. The only written guidance is in §63.2-401 of the *Code of Virginia*, which states:

Administrative expenditures made by the localities in connection with the providing of public assistance grants, other benefits and related social services, including child welfare pursuant to § 63.2-319, shall be ascertained by the Board, and the Commissioner shall, within the limits of available federal funds and state appropriations, reimburse monthly each county, city or district fiscal officer therefore out of such federal and state funds in an amount to be determined by the Board not less than fifty percent of such administrative costs.

Importantly, State law does not appear to imply that 50 percent is an appropriate local share, but rather stipulates that no local government should pay more than 50 percent of its local department's total administrative costs. However, there appears to be confusion among State and local staff about both the required State and local shares for administrative funds, and about the actual State and local shares. The confusion over this issue and the resentment of some local departments can be attributed in part to three factors:

- The lack of statutory or policy direction about the appropriate local government share of local social services spending;
- The complexity of the social services funding structure, which makes it difficult for any organization outside the State DSS to determine the total program and administrative funds provided for social services in each locality, and the allocation of those total funds across federal, State, and local funds; and
- The reliance of local departments on administrative funds, which makes them more concerned about

these funds than program funding, the bulk of which is provided directly to recipients by the State.

*There appears to be unnecessary confusion among State and local staff about who is, and should be, paying for the bulk of local departments' administrative expenditures.*

Throughout this review, a significant disparity was noted between the views of the State DSS staff and local department staff about funding for Virginia's locally-administered social services program. There appears to be unnecessary confusion among State and local staff about who is, and should be, paying for the bulk of local departments' administrative expenditures. While resolving the lack of clarity around funding responsibilities is partly beyond the control of State DSS staff, clarifying the widespread misconceptions and misunderstanding of systemwide funding trends is not. At a minimum, it appears that increased transparency about funding trends and the source of those funds would alleviate the confusion and reduce the frustration shared by a large number of local departments.

**Recommendation 1:** The State Department of Social Services should provide a financial statement annually to each local department, each local government, and the public. The financial statement should show both program and administrative costs for services attributable to that locality. The financial statement should also reflect what portion of the costs are paid by the federal, State, and local governments and how those portions compare to the statewide percentages.

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### **Localities Are Increasingly Using Pass-through Funding to Meet Staffing Needs**

*The local share of administrative expenditures grew 66 percent.*

As a percentage of total administrative costs, pass-through funding increased from eight percent in 1999 to 22 percent in 2004. As shown in Table 11, administrative pass-through expenditures have grown much faster than administrative expenditures for which the State provides a contribution. From 1999 to 2004, pass-through funding increased 222 percent, from \$26 million to \$83 million. State-funded administrative funding categories increased seven percent. When the State-funded administrative funding categories and the pass-through funding categories are combined, the local share of administrative expenditures grew 66 percent. Summary analysis of FY 2005 data shows that pass-through funding continues to increase at a higher rate than the other administrative funding categories.

**Table 11**  
**Change in Administrative Funding from 1999 to 2004**

Source: LASER data from the Virginia Department of Social Services, FY 1999 and 2004

Funding Category	% Change in Federal Share	% Change in State Share	% Change in Local Share	% Change in Total Expenditures
Administrative funding categories with State contribution	7%	9%	6%	7%*
Administrative pass-through funding categories	176	N / A	264	222
TOTAL administrative expenditures (State-funded + pass-through)	18	9	66	25

\* For funding category 832, 2000 data was substituted for 1999 data because no data was available for 1999.

During interviews with local departments, many directors noted that State funding for administrative costs was insufficient, and that the only way they were able to continue to manage their caseloads was through the use of pass-through funds. This use of pass-through funds increases the local share of total funds, because local governments must put up at least 50 percent for the local match. The more a local department uses pass-through funds, the greater the local share of the total administrative budget.

***One-Sixth of Localities Comprise the Majority of Total Administrative Pass-through Expenditures.***

Table 12 lists the expenditures by 21 localities that comprised 80 percent of the total administrative pass-through expenditures in 2004. Most of these are large localities in the more urban/suburban areas of the State (Northern Virginia, Tidewater, and the Richmond area), and one locality—Fairfax County—accounted for 22 percent of total administrative pass-through. While these departments make up the majority of program caseloads, they make up a higher proportion of pass-through funding. Many of these local departments pay their staff higher salaries, so a portion of their pass-through funding covers these higher levels of pay.

**Non-Reimbursable Expenditures Also Increase the Local Share**

Non-reimbursable expenditures are those made by a local department that are not eligible for federal or State reimbursement because they are either (1) not allowed under federal/State regulations, or (2) above their federal/State budget allocation for a particular funding category. State DSS staff could not tell JLARC

**Table 12**  
**Expenditures by Localities Comprising the Majority**  
**of Pass-through Funding, FY 2004**

Source: LASER data from the State DSS, 2004.

<u>Local Department</u>	<u>Pass-through Expenditures, 2004</u>	<u>% of Total Pass-through</u>
Fairfax		
Norfolk	5,787,062	7.0
Alexandria	5,011,848	6.0
Virginia Beach	4,597,398	5.5
Prince William	4,521,065	5.5
Newport News	4,141,440	5.0
Chesterfield-Colonial Heights	2,554,932	3.1
Henrico	2,489,274	3.0
Culpeper	2,387,090	2.9
Arlington	2,197,437	2.7
Charlottesville	1,793,760	2.2
Loudoun	1,665,002	2.0
Portsmouth	1,593,208	1.9
Frederick	1,481,516	1.8
Bedford	1,252,934	1.5
Albemarle	1,242,102	1.5
Spotsylvania	1,206,514	1.5
Hampton	1,089,613	1.3
Stafford	993,327	1.2
Richmond City	982,778	1.2
Hanover	976,020	1.2
<b>TOTAL</b>	<b>\$66,587,027</b>	<b>80.3%</b>

staff what proportion of these non-reimbursable expenditures was for unallowable costs and what proportion was for spending above the federal/State budget allocation. However, some local departments report that a portion of these funds represent local needs beyond the State allocation that must be made up with local funding.

On a statewide basis, non-reimbursable expenditures for administrative funding categories have fluctuated between \$23 million and \$39 million over the last five years. From 1999 to 2004, total non-reimbursable expenditures have decreased 12 percent (although in 2003 these expenditures had increased 47 percent). Much of this decrease appears to be attributable to a decrease in the service pass-through funding category (847) in FY 2004. At the local department level, non-reimbursable expenditures ranged from \$0 in two localities to \$3.9 million in Arlington in 2004. As a per-

centage of the total local administrative budget, non-reimbursable expenditures ranged from 0 percent in several localities, to 34 percent in Chesapeake.

The fluctuation in these expenditures may reflect that localities are using non-reimbursable expenditures to deal with annual changes in caseloads that federal and State funding do not account for. This may indicate that, in addition to making increased use of pass-through funding, localities are also using non-reimbursable expenditures to meet local needs.

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### **LOCAL SHARE OF ADMINISTRATIVE FUNDING VARIES WIDELY AND IS CLOSELY ASSOCIATED WITH LOCAL ABILITY TO PAY INDICATORS**

A local department's ability to fund administrative expenditures and use pass-through funds is largely dependent upon its local government's ability and willingness to provide the local match for these federal funds. Because there are wide variations in ability to pay throughout the State, there are disparities in the use of pass-through funds at the local level because some local governments do not have the ability, or are simply not willing, to provide local departments with these local matching funds.

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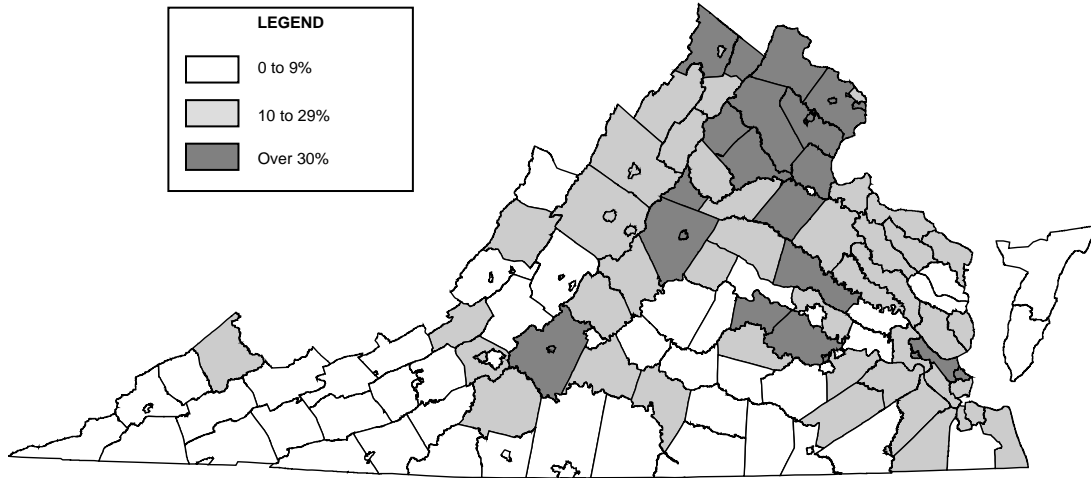
### **Wide Variation in Local Share of Administrative Funding and Use of Pass-Through**

The local government share of administrative expenditures and pass-through funding for administration varies widely. In FY 2004, the local share of total administrative costs reimbursed to local departments ranged from a high of 42 percent of total administrative costs in Frederick County to a low of 14 percent of total administrative costs in Russell County. Much of this variation in the local share of total administrative costs is due to the wide variation in the local departments' use of pass-through funding.

Figure 12 illustrates the degree to which each local department uses pass-through funding for administrative purposes. The localities in dark gray use administrative pass-through funding for more than 30 percent of their administrative budget. Localities without shading make limited or no use of administrative pass-through funding (less than 10 percent of their administrative budget comes from pass-through funds). In 2004, pass-through expenditures ranged from a high of 64 percent of total administrative expenditures in Culpeper, to a low of 0 percent in 14 localities.

## Figure 12 Use of Administrative Pass-Through Funds

Source: LASER data provided by the Department of Social Services.



***In FY 2004, no local government paid more than 50 percent of its department's administrative costs.***

As stated earlier, the *Code* stipulates that federal and State funds combined shall not be less than 50 percent of total administrative expenditures. In FY 2004, no local government paid more than 50 percent of its department's administrative costs. However, if non-reimbursable expenditures are included, the local share of administrative expenditures was higher than 50 percent in two localities – Culpeper at 56 percent and Loudoun at 55 percent.

### Variations in Administrative Pass-Through Funding Due in Part to Differences in Local Ability to Pay

#### Local Ability to Pay

The Commission on Local Government uses three indicators to measure a locality's ability to pay for local services. This chapter uses one of these measures, the fiscal stress index, to characterize local ability to pay. The fiscal stress index uses a locality's revenue capacity, revenue effort, and median adjusted gross income to determine a locality's fiscal strain. Localities are high stress, above average stress, below average stress, or low stress.

In addition to the variation in local caseload levels, the wide variations in the local share of administrative expenditures and the use of pass-through funding can be partially attributed to variations in local ability to pay throughout the State.

#### ***Wide Variations in Local Governments' Ability and Willingness to Pay.***

According to the Commission on Local Government, there are wide variations in local governments' ability to generate revenue to pay for local services (see sidebar). The level of fiscal stress that localities are experiencing varies widely. Sixteen percent of localities have "high" fiscal stress, 38 percent have "above average" fiscal stress, 33 percent have "below average" fiscal stress, and 13 percent have "low" fiscal stress.

In addition to wide variations in ability to pay, there appear to be differences in local governments' willingness or perceived need to pay for social services. Some local governments may perceive the need is greater, or place a higher priority on social services than others, and therefore may be more willing to pay for these services. One potential measure of need or willingness to pay is the percentage of the total local government revenue that is spent on social services, which ranges from less than one-half of one percent in Loudoun County to a high of 3.8 percent in Smyth County.

***Variations in Fiscal Stress Lead to Disparities in Local Share of Administrative Funding and Pass-Through.*** The variations in ability and willingness to pay discussed above can affect the level of funding that local governments provide to local departments of social services. Both the local share of total administrative costs and the extent to which local departments use pass-through funding appear to be strongly related to a locality's fiscal stress.

Overall, there was a moderate correlation between local fiscal stress and the local share of total administrative costs and use of pass-through funding (-.59994 and -.52304, respectively). However, it is more revealing to look at the distribution itself. This report divided localities into quintiles according to their local share of administrative costs, and defined localities in the top quintile as having a high local share, and those in the bottom quintile as having a low local share. There was a very strong relationship between local share of administrative funds and fiscal stress:

- Ninety-two percent of the localities with a high local share had "low" or "below average" fiscal stress, which likely indicates that these local governments contribute more local money because they are fiscally able to do so. Only two localities in this group had "above average" fiscal stress.
- Ninety-six percent of localities with a low local share had "high" or "above average" fiscal stress, which likely indicates that these localities are fiscally less able to contribute local funds. Only one locality in the bottom group had "below average" fiscal stress, which may indicate that either this department does not need additional local funds to manage its cases, or that the local government is unwilling to contribute additional funds, even though it may be fiscally able to do so.

Much of the disparity in the use of pass-through funding also appears to be due to the differences in local ability to pay for social services discussed above. Table 13 compares the use of pass-through funds to fiscal stress. The ten localities that use pass-through the most all have “low” or “below average” fiscal stress. Of the 14 localities that do not use pass-through, all have “high” or “above average” fiscal stress, except for Lancaster and Rockbridge.

More broadly, 92 percent of the localities that make extensive use of administrative pass-through funds (those in the top quintile) have either “low” or “below average” fiscal stress. Eighty-three percent of localities that make limited or no use of administrative pass-through

**Table 13**  
**Use of Administrative Pass-Through Funding Compared to Local Ability to Pay**

Source: JLARC analysis of LASER data from DSS and local ability to pay data from the Commission on Local Government.

Local Department	Pass-through as a % of Total Administrative Expenditures	Fiscal Stress Classification
<b>10 Localities that Use Pass-through the Most</b>		
Culpeper	64%	Below Average
Frederick	54	Below Average
Fairfax	53	Low
Hanover	45	Low
Alexandria	44	Low
Bedford*	43	Below Average
Rappahannock	43	Low
Manassas	43	Below Average
Clarke	42	Low
Loudoun	41	Low
<b>Localities that Do Not Use Administrative Pass-through</b>		
Alleghany-Covington*	0%	Above Average
Brunswick	0	Above Average
Grayson	0	Above Average
Lancaster	0	Below Average
Lee	0	Above Average
Lunenburg	0	Above Average
Rockbridge*	0	Below Average
Russell	0	Above Average
Scott	0	Above Average
Wise	0	Above Average
Wythe	0	Above Average
Chesapeake	0	Above Average
Danville	0	High
Petersburg	0	High

\*For consolidated departments, JLARC staff estimated the fiscal stress classification based on the combined revenue capacities of the localities.



funds are fiscally stressed. These localities are apparently unable to take advantage of these pass-through funds or do not perceive the need to do so.

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### **Impact of Administrative Funding on Local Department Performance Is Not Clear**

While the varied financial impact of administrative funding on local departments is clear, the impact of this variation on local department levels of performance is not. As discussed in Chapter 3, there are many factors that contribute to the levels of performance of individual departments, including funding. Similarly, a quantitative analysis of performance and financial data about local departments presents a complicated picture of the relationship between administrative funding and performance.

***Weak or No Associations Between Administrative Funds and Program Performance Measures.*** As mentioned in Chapter 2, the performance measures used by JLARC are limited and based on readily available data, and therefore do not provide a complete assessment of local department performance. However, based on this available data, there appear to be no significant correlations between administrative funds and program performance. For example, there are weak or no correlations between administrative funding and performance when comparing the following data:

- Administrative funding (including local share of administrative expenditures as a percent of total administrative expenditures, local share per capita and per case, administrative pass-through expenditures as a percentage of total administrative expenditures, and administrative pass-through per capita and per case) and selected performance measures for benefit and service programs.
- The use of eligibility administration pass-through (including the percentage of eligibility administration funding that is pass-through funding, and eligibility administration pass-through per capita and per case) and two performance measures for benefit programs (food stamp participation rate and Medicaid processing timeliness).
- The use of service administration pass-through (including the percentage of service administration funding that is pass-through funding, and service administration pass-through per capita and per case) and two performance measures for service programs (average time in foster care and the percentage of adoptions from foster care).

Local department responses to JLARC's survey also do not show a clear impact of funding on performance. For example, there were no consistent differences based on a local department's use of pass-through funding or local share of administrative expenditures and the impact they reported for the number of non-mandated programs the department provides, service quality, timeliness of services, and the ability to meet federal and State requirements.

***Interviews Suggest Funding Does Impact Operations or Performance.*** However, despite the fact that the quantitative data do not show a clear link between performance and administrative funding, interviews with local departments suggest otherwise. During site visits and interviews, departments discussed the impact. For example:

*One local department that did not use administrative pass-through funding in 2004 stated that it does not use pass-through because it cannot get the local match from its local government. The result of this for service programs is that the director is unable to hire additional staff to manage caseloads, which raises the number of caseloads each worker manages. This higher ratio, according to the local department, decreases the amount of time these workers can spend on each case. This decreased amount of time limits the amount of targeted, unique attention and service the workers can provide in each case. The department also reports having to cut back on prevention activities.*

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*One local department that makes limited use of administrative pass-through and has "above average" fiscal stress is considering staff layoffs and elimination of non-mandated programs because the local government's budget situation dictates each local agency taking a cut in locally-provided funding. Several other local departments mentioned that they have chosen to, or are considering, eliminating non-mandated programs that currently meet needs in their locality.*

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*One local department that heavily used pass-through funding noted that its increased reliance on local funds for staffing made it likely that it would have to cut salaries, benefits, or positions if local funds were to be cut.*

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### **Improvements Could Be Made in the Process to Provide Local Department Administrative Funds**

As discussed in this chapter, overall administrative funding for local departments is increasing. Much of the increase is coming from local governments, but the portion being paid by local governments remains below 50 percent and therefore complies with current statutory requirements. However, two issues raised in this chapter should be addressed:

1. The criteria for allocating administrative funds are not directly linked to caseload levels; and
2. The delivery of social services in Virginia may be negatively impacted by the wide variation in local ability to pay and access to pass-through funding.

In considering these two issues, the current administrative allocation process needs to be changed. Caseload and local ability to pay should be considered as factors to be used in allocating administrative funds. A recommendation is provided below that addresses the need to change the current approach to providing administrative funds to local departments.

**Recommendation 2:** The current prior-year funding methodology used by the Department of Social Services to allocate administrative funds should be replaced with an administrative funds allocation methodology based on factors such as local caseload and local ability to pay.



## Human Resources

### In Summary...

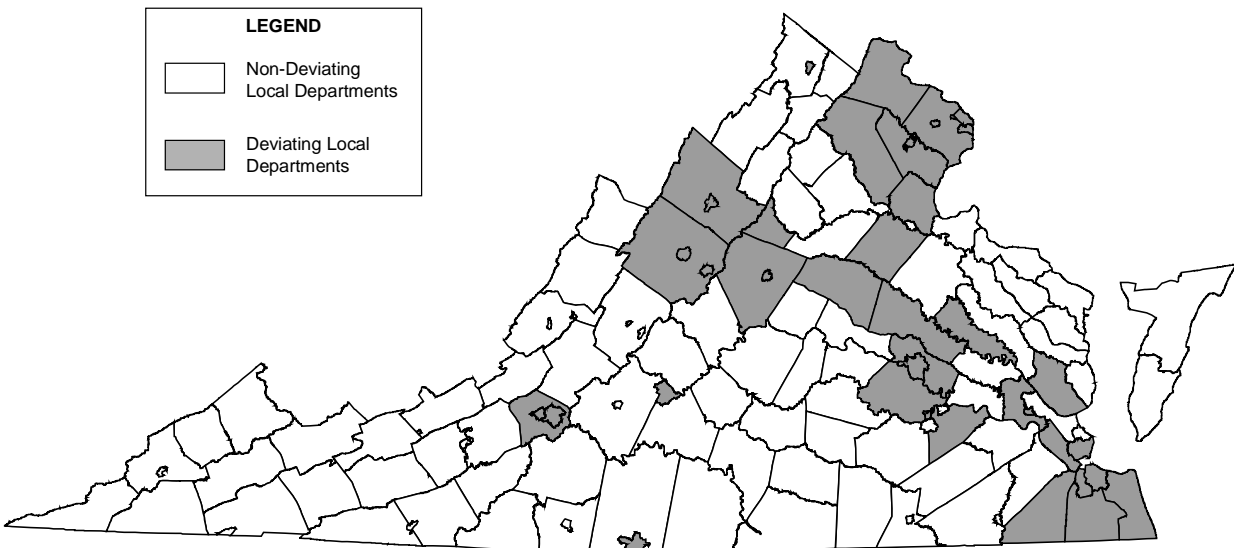
Local department directors and their staff play a critical role in delivering Virginia's social services programs. However, there is not enough information to assess the adequacy of local staffing to manage current workload levels. Despite this information gap, there is sufficient information to determine that directors and supervisors in many local departments will be retiring soon. This will have a considerable negative impact on the institutional knowledge and program expertise that currently reside at most local departments. Some local departments are also experiencing difficulties retaining and recruiting staff. To address these challenges, improvements will be needed in the availability of human resource and workload data and in human resource support that the State DSS provides to local departments.

The directors and staff at local departments are perhaps the most critical resource within the system. Ensuring that local departments are able to effectively administer social services programs requires sufficient numbers of local staff and a stable, effective workforce. This chapter discusses the lack of sufficient information to determine the adequacy of local staffing, and whether departments are experiencing difficulties as a result of retirements, retention, or recruiting.

As stated in Chapter 1, each local department has the option to deviate from the State's human resource policies and use those of its local government. Currently, 83 of the 120 local departments follow the State's human resource policies and systems. Most of the deviating 37 departments do not provide complete human resource information to the State. Therefore, the data used to conduct the analysis in this chapter is drawn from the 83 non-deviating local departments. A map illustrating the geographic location of non-deviating and deviating local departments is shown in Figure 13. Most departments that deviate from State human resource policies serve larger localities and are in the northern and eastern parts of the State. These departments usually pay their employees above the State average and use some or all of their local government's human resource policies and procedures.

## Figure 13 Deviating and Non Deviating Local Departments

Source: DSS Division of Human Resource Management



### INSUFFICIENT DATA EXISTS TO DETERMINE NUMBER OR ADEQUACY OF LOCAL STAFF

House Joint Resolution 193 directed JLARC to assess “the availability of necessary resources to ensure the delivery of quality services in a timely manner.” As discussed in Chapter 3, one of the most critical resources available to local departments is the service and eligibility staff who directly administer the various programs.

#### Additional Information Needed to Determine Adequacy of Local Staffing

To adequately assess whether local departments have sufficient staff to manage caseloads, at least four types of information are necessary:

- Accurate and agreed-upon measures of workload, defined as (1) caseload and (2) the nature of casework or the time required to manage cases.
- Realistic and agreed-upon standards for the target number of cases that should be managed by a worker. Because of the varying nature of programs, standards would need to be determined for each benefit and service program.
- Accurate counts of the number of staff available to manage cases in each local department, by program area.
- An assessment of the skills and abilities required to appropriately manage casework.

#### Longstanding Problem

In 1981, JLARC found that the "State Department of Welfare should take immediate steps to update, validate, and apply caseload standards."

**Table 14**  
**Assessment of Information Needed to Determine Adequacy of Staff Resources**

Source: JLARC staff analysis.

	Is Data Current Enough to Support Resource <u>Assessment?</u>	Is Data Complete Enough to Support Resource <u>Assessment?</u>	Is Data Agreed- Upon By Both State and Local <u>Officials?</u>
Local caseload counts for major programs	Yes	Yes	Yes
Measures of the nature of local casework	No	No	No
Caseload standards	No	No	No
Number of front-line staff	No	No	No
Front-line skills and abilities	No	No	Yes

***The lack of complete, credible information makes it impossible to accurately assess staff resources.***

As shown in Table 14, little of the above information is current, complete, or agreed-upon by both State DSS and local departments. For example, the number of front-line local staff is incomplete for certain localities or does not exist for others. There has been no agreement between the State DSS and local departments on how to define and measure workload. There is also no agreement between the State and local departments about what the caseload standards are for most major program areas. Further, most of the class specifications, which define the general scope of duties and responsibilities of local positions and include skills and abilities necessary to perform these duties, have not been significantly revised since 1983.

The lack of complete, credible information makes it impossible to accurately assess staff resources and raises questions about the validity of any claims about the adequacy of staffing currently available to local departments.

**Previous Effort to Measure Adequacy of Staffing**

In 1999, House Joint Resolution 554 requested that the State DSS, with the assistance of local departments, study and validate workload measures for local social services programs. In response, DSS and the Virginia League of Social Service Executives (VLSSE) hired Hornby Zeller Associates, Inc. to conduct a study. The study sought to update the existing caseload standards, last updated for foster care and adoption in 1998. The study's primary methodology was to use time sheets to inventory the activities that local staff at 35 local departments performed during a six-week time period.

On October 25, 2000, the DSS commissioner submitted to the Governor and General Assembly a report highlighting the results of the study. The report recommended time standards to

manage cases in both benefit and service programs. The report also recommended staffing levels for direct workers and a target ratio of direct workers to supervisors, administrators, and clerical and support staff. Finally, the report identified a preliminary staffing gap of between 640 and 1,600 direct local department service and benefit workers. The report to the General Assembly was based on the report provided by Hornby Zeller, which included a suggested implementation plan composed of three recommendations:

1. Disseminate the study findings,
2. Develop a system to count ongoing cases, and
3. Develop a case assignment system to manage local workload.

Due to a variety of factors, including turnover of the State DSS staff who worked on this study, the preliminary results of this study were not explored further.

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### **Incomplete Staffing and Workload Information Limits Decision-Making about Local Staff Resources**

Given DSS' current human resource data collection method, complete and current staffing information for many of the deviating local departments, particularly those that are jurisdictionwide, is not available. This incomplete information limits the ability to determine the adequacy of staffing systemwide because no accurate count of local staff in all 120 departments exists. State law currently requires local departments to report staffing levels to the State DSS. However, many of the 37 local departments that deviate from State personnel policies do not maintain and update their staffing levels in the State Local Employee Tracking System (LETS). In April of this year, the State DSS formally requested that each local department submit updated human resource data, including the number of staff. While most of the non-deviating local departments responded to the request, many deviating agencies did not.

#### **Agreed-Upon Caseload Standards**

Pennsylvania is creating new caseload standards for local departments. These caseload standards, when finalized, will be approved through the state regulatory process and be used to inform resource allocation decisions.

Many local departments claim that they need additional staff to manage workload and improve their service delivery efforts. However, these requests are difficult to evaluate when information necessary to assess their resources, including workload measures, standards, and the number of staff, is lacking. For example, in 2005, the State's request of \$26 million for additional local staff to respond to the federal Child and Family Services Review (described in Chapter 2) was denied by the General Assembly. While \$4 million was provided, legislative staff noted the lack of information provided to justify the request contributed to the decision to provide a reduced amount. The lack of the information identified in Table 14 made it difficult for the State to justify the resource request.



At a minimum, requests for additional resources would need to provide adequate information to determine the feasibility of the request, including: (1) the reasons additional funds are needed, (2) the methodology used to determine the number of local staff needed, (3) an assessment of localities with existing staffing and workload imbalances that should be prioritized for further resources, and (4) the potential consequences of not providing the requested funds. Without more credible information to justify resource requests and a better understanding of how existing resources should be prioritized, it is likely the State will continue to have difficulty justifying additional local department staff resources. Further, the lack of necessary information to conduct an accurate staff resource assessment and manage staff resources places the system at risk for long-term workload and resource imbalances that may surface as either human resource or performance problems.

**Recommendation 3:** The General Assembly may wish to consider requiring the State Department of Social Services to improve its ability to measure local workload (both caseload and the nature of casework) and create and maintain agreed-upon target caseload standards for each program area. The State Department of Social Services should make this information readily available to local departments on an ongoing, updated basis through an automated system to support local management of staff resources.

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## **LOCAL DEPARTMENTS FACE RETIREMENT, RECRUITING, AND RETENTION CHALLENGES**

Compounding the risks of not being able to determine the adequacy of local staffing is the fact that some local departments face significant loss of expertise and leadership through retirement. Some local departments also currently have difficulty retaining existing staff and recruiting new staff.

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### **Local Departments Face Pending Loss of Expertise and Leadership**

Many local directors are long-time system employees who have a substantial amount of institutional and programmatic knowledge and expertise. Nearly half of all directors of non-deviating departments have held their position for at least 20 years. Table 15 summarizes the retirement situation at local departments. As of June 2005, one-quarter of local directors were eligible to retire with full benefits. Another 48 percent were eligible to retire with reduced benefits. By 2010, more than half of current local directors will be eligible to retire with full benefits, and only 12 percent will not be eligible.

**Table 15  
Retirement of Local Directors, Supervisors, and Front-line Staff**

Source: DSS Division of Human Resources Management, Local Employee Tracking System database.

	June 2005		June 2010	
	Eligible to Retire	Not Eligible to Retire	Eligible to Retire	Not Eligible to Retire
Directors	25% <sup>1</sup>	48% <sup>2</sup>	52% <sup>1</sup>	36% <sup>2</sup>
Supervisors	60%	40%	80%	20%
Front-Line Staff	33%	67%	52%	48%

<sup>1</sup>Eligible to retire with full benefits.

<sup>2</sup>Eligible to retire with reduced benefits.

Note: Retirement data for supervisors and front-line staff include both full and reduced benefits.

Nearly half of the directors that were eligible to retire with full benefits in 2005 are in the western part of the State.

Historical retirement data at the State level suggest that a small percentage of employees eligible to retire do so immediately. While the exact timing of local director retirements is unknown, it is likely that there will be a significant loss of leadership and expertise at a number of local departments that may adversely impact overall system continuity and performance.

As these directors retire, some local departments will be especially challenged to fill these gaps in leadership, because the retirement outlook for supervisors is even more concerning. At non-deviating departments, 60 percent of supervisors were eligible to retire in June 2005 with either full or reduced benefits. In 2010, 80 percent of current supervisors will be eligible. It is less likely, therefore, that these local departments will be able to fill local director vacancies from within, making the development of a concerted, strategic approach to identifying and managing the impact of these retirements critical.

At the staff level, one-third of local staff were eligible to retire in June 2005 with either full or reduced benefits. Roughly three-quarters of these staff were eligibility workers, although eligibility workers comprise only 60 percent of front-line staffing. In 21 of the non-deviating local departments, at least half of the staff were eligible to retire with either full or reduced benefits, including one department that has the potential to lose nearly three-quarters of its staff to retirement. In 2010, 52 percent of front-line staff in these local departments will be eligible.

***Local directors across the State expressed concern about the retirement issue and the impact it will likely have if not appropriately managed.***

Local directors across the State expressed concern about the retirement issue and the impact it will likely have if not appropriately managed. For example, a director of a class III (between 21 and 80 positions) local department expressed significant concern because one-third of her eligibility staff will

likely retire in the next five years. She fears that as these more experienced staff leave, she may not be able to fill the vacancies. Furthermore, if the vacancies are filled, it will likely not be with staff who have the same level of program expertise and experience. She noted that this will likely impact the department's ability to manage caseload levels because her more experienced eligibility staff can manage far more cases than newer, less experienced eligibility workers.

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### **Some Local Departments Face Retention and Recruiting Challenges**

Between January 2004 and March 2005, 15 percent of the total employees at the 69 non-deviating local departments for which JLARC staff could obtain retention data left their positions. This rate is greater than the State agency average of 11 percent, but below the national health care and social assistance industry's annual turnover rate of 18 percent as reported by the U.S. Bureau of Labor Statistics. While these aggregate numbers are not a serious concern, some local departments are experiencing unusually high retention problems.

Nearly 20 percent of these non-deviating local departments lost one-quarter or more of their staff during the time period, with one department losing 45 percent of its staff. Nearly all of these local departments are class II (between 11 and 20 positions) and III agencies in the central and western parts of the State.

Retention appears to be a slightly bigger issue among front-line service staff. Nearly 40 percent of local departments lost one-quarter or more of their front-line service staff between January 2004 and March 2005. This data is consistent with concern voiced by numerous local directors across the State about the difficulty of administering service programs and the impact it has on those who conduct this work with children and families.

As of March 2005, 19 percent of the total positions at the 75 non-deviating local departments for which JLARC could obtain vacancy data were vacant. This vacancy rate is greater than the Virginia State agency average of 15 percent. As with retention, there are some local departments with high vacancies. Nearly 25 percent of local departments had more than one-quarter of their total positions vacant. Three of the six non-deviating local departments in the eastern part of the State had more than 25 percent of their positions vacant. One local director noted that because his office is on Virginia's Eastern Shore, it is difficult to recruit new staff to live and work in his locality. As with retention, recruiting difficulties appear to be a slightly bigger concern among front-line service staff. In nearly

40 percent of local departments, at least one-quarter of the total service positions were vacant.

***Currently, it appears that retention and recruiting challenges primarily impact the workload levels of the remaining staff.***

Currently, it appears that retention and recruiting challenges primarily impact the workload levels of the remaining staff. One local director noted that vacant positions have a significant impact on staff in small departments such as hers. With only 12 employees, one vacancy can create significant changes in individual workloads as staff assume additional responsibilities until the vacancy is filled. This situation over time can negatively impact the quality of work and morale of the staff.

Most of the reasons mentioned by local departments for their retention and recruiting challenges are related to compensation and work environment. Of the local departments that reported having a “highly difficult” time with recruiting and retention, the most frequently cited reasons were:

- Low pay for local front-line workers compared to their job responsibilities.
- Better pay by other organizations and professions. Several directors in smaller departments located near larger departments noted that they routinely lose staff to larger departments because they cannot match their pay.
- Inadequate job classifications when compared to job responsibilities. Individuals assume they are recruited to perform the duties advertised in job descriptions, but are sometimes expected to carry out different or additional tasks. In some departments, new employees have left soon after being hired.
- Unqualified pool of potential applicants or concern by applicants about workload levels at local departments.
- High ratio of cases to workers, causing “burnout” among local staff, in particular front-line service workers.
- Limited advancement or promotion opportunities for front-line workers within local departments.

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### **No Organization Is Systematically Addressing Local Human Resource Challenges**

While recruitment and selection of local department employees is mentioned in the Virginia Administrative Code, the stipulated responsibilities of the State DSS regarding human resources are broad. The State DSS has not assumed responsibility for identifying and managing statewide human resource trends and challenges. Yet monitoring and addressing human resource challenges is particularly important given the locally-administered nature of Virginia’s system.

The retirement status at the State DSS is less of a concern than the local retirement situation. At the request of Virginia’s

Department of Human Resource Management last year, the State DSS conducted an internal retirement study, which indicated that the State DSS is expected to lose 40 percent of its classified workforce to retirement between 2004 and 2019. Until this JLARC staff study, there had been no statewide initiative to assess the extent to which retirement of local staff is a potential problem.

Local directors have noted that their difficulties with recruiting, retention, and retirements are impacting their operations, or soon will. Consequently, the State DSS needs to take a more active role in addressing these critical human resource areas because:

### Targeted Recruiting

State and local officials in Pennsylvania attend job fairs and visit social work schools to talk about the benefits of working for state government and local departments of social services.

- The State DSS is statutorily responsible for supervising local program administration, which would be negatively impacted if these human resource challenges are not addressed;
- Some local departments, particularly smaller ones, do not have the necessary resources to adequately manage their own recruiting, retention, and retirement issues; and
- It would be an inefficient use of systemwide resources if each local department independently tried to identify effective practices to recruit and retain staff and manage pending retirement transitions.

**Recommendation 4:** The State Department of Social Services should provide more targeted human resource support to non-deviating departments. This support should include (a) helping local departments experiencing significantly high retention and recruiting difficulties and (b) facilitating the management of pending retirement transitions at local departments.



## Information Technology

### In Summary...

Information technology (IT) is an important resource that has the potential to significantly improve local program administration. Historically, the planning and development processes for social services IT systems have not adequately involved local staff, resulting in systems that do not adequately meet local needs. In recent years, however, IT planning and development processes within DSS have improved, and solutions to improve identified functional needs have been proposed. Still, current planning and oversight structures may not be adequate for Virginia's locally-administered social services system, and the State should be cautious as it plans for a possible multi-million dollar investment in an Integrated Social Services Delivery System. Enhanced oversight and reporting for this pending, large-scale investment are recommended.

As discussed in Chapter 3, information technology (IT) is a valuable resource to both the State and local departments. Recent advances in the systems planning and development process have improved the overall functionality of existing systems. However, ongoing challenges to systems enhancement and development efforts could place the State's investment in a proposed Integrated Social Services Delivery System at risk of failure.

### **INFORMATION SYSTEMS HAVE HISTORICALLY NOT FACILITATED LOCAL PROGRAM ADMINISTRATION**

Systems that support major program operations for both benefit and service programs appear to hinder as much as help local staff in the day-to-day performance of work responsibilities. While these systems track major federally required program information, they lack the functionality to fully support local program operations. As a result, some local departments are purchasing commercial systems to more efficiently manage local programs. However, existing systems were not designed to effectively interface with third-party systems maintained by local departments or other State agencies, resulting in local workers often having to enter data into multiple systems in order to manage a single case.

Collectively, the limited functionality of State-provided systems and the use of additional local information systems have the

potential to negatively impact the timeliness and availability of services provided to individual clients. Moreover, several systems use programming software that is increasingly expensive to support and will become obsolete in the next several years.

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## Existing Information Systems Provide Mixed Support for Local Program Administration

### Longstanding Problem

A 1998 JLARC review of OASIS implementation found:

- Limited local participation in determining system requirements; and
- Inadequate system borrowed from Oklahoma.

A 2004 JLARC review of Child Protective Services found:

- OASIS provides basic functionality; but
- Recommended improvements in its overall usability and data-reporting functionality.

The major information systems for administering local service and benefit programs have not, historically, supported local program operations. This is largely because these systems were designed primarily to collect data required to be reported to the federal government. This is also because these systems were borrowed from other states, then customized to Virginia's environment. Local department staff also had limited involvement in the determination of system requirements and customization of borrowed systems. As illustrated in Figures 14 and 15, results from the JLARC staff survey of local departments reflect the mixed support that the major service program IT system, OASIS, and the major benefit program IT system, ADAPT, currently provide to local departments.

### ***OASIS and ADAPT Generally Provide Acceptable Levels of Basic Reporting Functionality.***

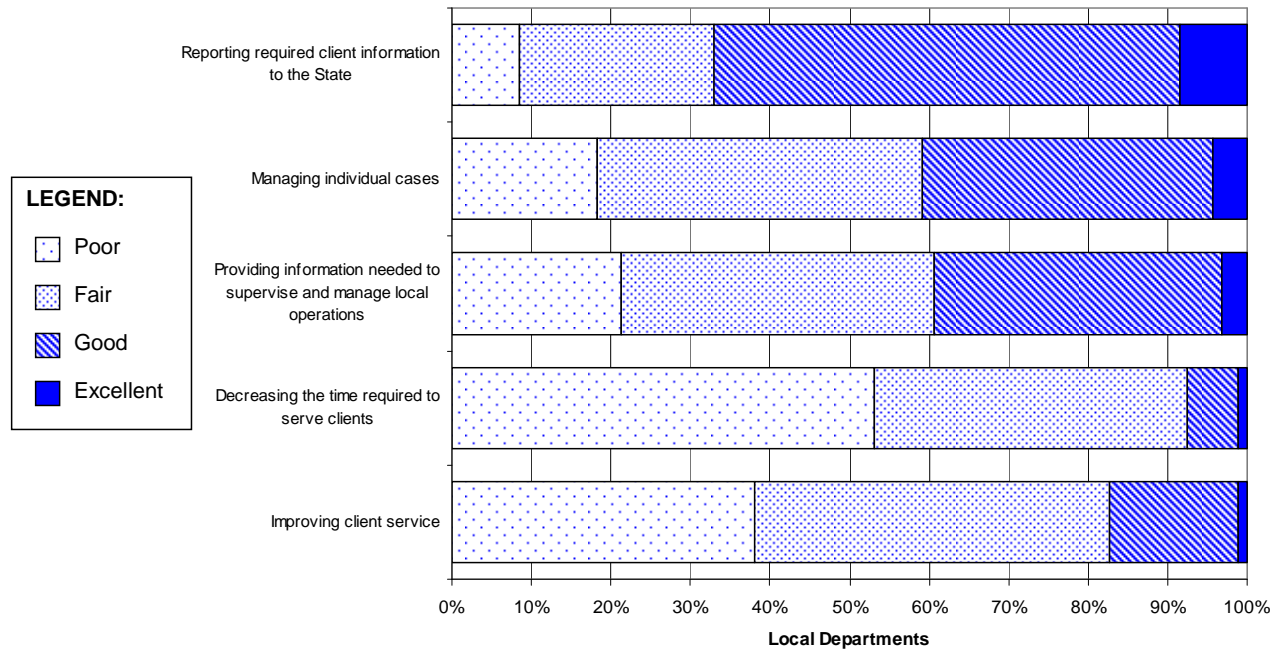
Both OASIS and ADAPT appear to provide local departments with the basic functionality that was originally intended to be provided through the systems. Nearly 70 percent of local departments rated OASIS as either "excellent" or "good" at reporting required client information to the State, and more than 80 percent gave the same rating to ADAPT. However, it is questionable whether OASIS fully meets the adoption and foster care systems requirements established by the federal Administration for Children and Families (ACF). Currently, OASIS only partially meets the ACF Statewide Automated Child Welfare Information Systems (SACWIS) requirements. Twenty-nine other states have implemented systems that are being assessed by the federal government for SACWIS compliance. The State DSS has prioritized SACWIS compliance for OASIS and plans to become compliant by 2007. While SACWIS compliance is necessary to ensure federal funding, it does not appear at this time that Virginia has been denied access to federal incentive funding for the implementation of automated reporting systems because requirements are not being met.

In addition to reporting required information, ADAPT also received high marks for other basic functionality. More than 70 percent of local departments rated ADAPT as either "excellent" or "good" at helping them determine whether individuals and families were eligible to receive benefits. Further, nearly 80 percent of local departments rated ADAPT as either "excellent" or "good" in helping them calculate the amount of benefits recipients may be eligible to receive.



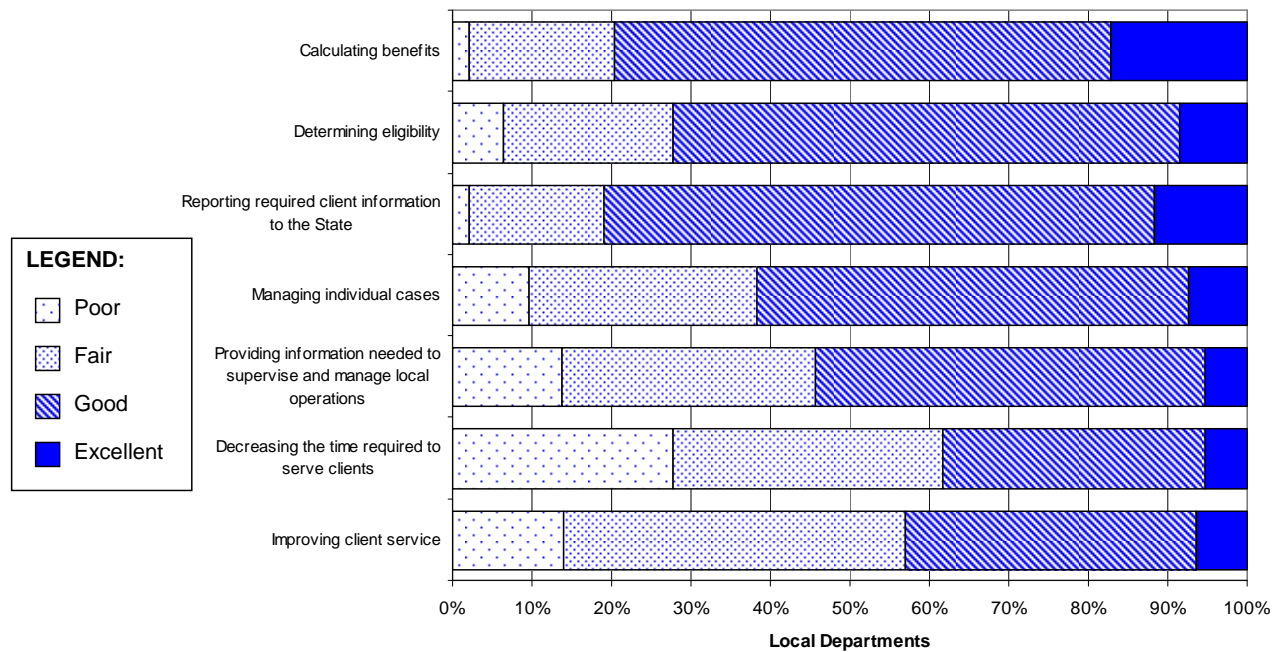
**Figure 14**  
**Local Department Assessment of OASIS Functionality**

Source: JLARC Survey of Local Departments of Social Services, July 2005.



**Figure 15**  
**Local Department Assessment of ADAPT Functionality**

Source: JLARC Survey of Local Departments of Social Services, July 2005.



***State-Provided Systems Were Not Designed to Track Individual Cases.*** OASIS and ADAPT receive increasingly mixed assessments when moving beyond their basic, intended functionality. While approximately 40 percent of local departments noted that OASIS does an “excellent” or “good” job managing individual cases and providing information needed to supervise and manage local operations, nearly 60 percent reported it was “fair” or “poor” at providing those functions. ADAPT scored slightly higher, with more than 60 percent of local departments reporting ADAPT does an “excellent” or “good” job of managing individual cases.

Neither OASIS nor ADAPT were intended to help local staff manage and track individual cases across multiple programs. Consequently, neither system currently gives local departments the ability to track individual worker caseload over time. Some local departments identified the need for this functionality to manage the workload of individual caseworkers over time. In addition, several local department staff identified the need for the reporting of local demographic and health information, such as birth rates, birth mortality, educational levels, family types, and employment levels, for comparison to caseload data.

***Systems Provide Limited Client Information from Other State Agencies.*** JLARC staff were specifically directed to review the effectiveness of automated information systems in the coordination of services provided by the Departments of Social Services, Medical Assistance Services (DMAS), and Juvenile Justice. ADAPT and OASIS historically have not facilitated coordination across social services programs, and with other agencies. For example, although ADAPT and OASIS share many data elements, they are not connected. For example, demographic information, verification information, and report data are currently not shared between systems. Also missing are system interfaces that trigger actions based on outcomes in another program area, such as when a change in a person’s income changes their eligibility to receive benefits in two different program areas.

This lack of systems coordination negatively impacts both social services employees and clients. For example, many local Child Protective Services (CPS) employees identified the need to have background information from several other State agencies prior to visiting families. Without a comprehensive system for accessing State case records for relevant information on families from other agency systems, case workers must manually collect as much information as possible. Moreover, the lack of systems interaction impacts the ability of local departments to longitudinally track clients and measure the long-term effectiveness of the services they provide.

It is important that the automated systems used to support certain programs, especially Medicaid and foster care, coordinate with other departments. The systems that support these programs, namely MEDPEND, OASIS and ADAPT, must be able to access DMAS and Juvenile Justice databases that include information about existing Medicaid recipients or children who may have been placed in juvenile detention homes and are now seeking foster care services. While some efforts at coordinating with DMAS occur at the programmatic level, there appears to be minimal coordination of the automated systems required to manage Medicaid. When asked to rate the ability of existing systems to provide access to information maintained by DMAS, nearly 80 percent of local departments rated OASIS, and nearly 70 percent rated ADAPT, as “fair” or “poor” in performing this function. Moreover, 57 percent of survey respondents rated the ability of OASIS to access data maintained by the Department of Juvenile Justice as “poor.”

***Systems Do Not Match Local Workflow or Improve Client Service.*** Another common concern expressed by local staff is that the State-provided systems are time-intensive, cumbersome, and do not follow the workflow processes at local departments. This results in a largely manual workflow requiring workers to use multiple systems to accomplish tasks for a single client. When information is shared with other systems, it is usually accomplished using paper reports or manual re-keying of data. This mismatch between process and technology undoubtedly leads to unnecessary, duplicative work for both benefit and service program staff. This time likely could be spent performing other work responsibilities, and limits the time that local staff can spend directly working with clients.

With the increasing volume of benefit cases, many local benefit workers expressed concern that, because the ADAPT intake screens do not follow a logical interview process, they cannot perform interactive interviews. Some workers also reported that the system is too complicated to use while performing the intake interview. While workers cite the benefits of rules-based eligibility determination, staff at a number of local departments said it was easier to first complete a paper application, then go back and enter it into the system.

***Gaps between local processes and technology have the potential to impact local department timeliness, quality, and client service.***

These gaps between local processes and technology have the potential to impact local department timeliness, quality, and client service. For example, these duplicative, parallel, paper and automated processes likely increase the time from receipt of application to determination of benefits. Some local departments indicated that data entry has increased the time required to process a case at the same time caseloads are increasing. However, because the systems were not designed to track workload, there is no way to document how much of

an employee's time is spent with clients and how much time is spent with data entry.

Several local departments also identified specific instances in which their local performance measures for timeliness were negatively impacted because of a lack of staff time for performing data entry. Moreover, several local departments reported instances in which paper applications were received but not entered into the system until a later date in an effort to meet timeliness measures. These parallel, duplicative processes also increase the potential for lower quality work because of potential errors if the manual determination of eligibility is calculated incorrectly or if information is entered incorrectly into the automated system. In order to address these concerns, several smaller departments reported scheduling specific data entry hours, while others use clerical staff to perform data entry.

As shown in Figures 14 and 15, local department assessments of OASIS and ADAPT in these respects are overwhelmingly negative. OASIS was rated "fair" or "poor" in decreasing the time required to serve clients by 93 percent of local departments and 62 percent said the same about ADAPT.

***Some Local Departments Purchase External Systems to Meet Functional Needs.*** For many years, local staff have expressed concern about their inability to access data about clients across social services programs, and about their inability to access data about clients that may exist in other State agency systems. According to the director of the State DSS Division of Information Systems (DIS), "nothing had been done at the State level after several years of complaints by local employees, none of the systems talked, and several local agencies determined that something had to be done."

Gaps in local functionality are also evident for some of the DSS systems provided for internal management and support. Some local directors note they purchase additional software for financial management and human resources, largely because the DSS systems can only be used to report data to the State and not to manage the daily administrative aspects of their department. According to the DIS Director, approximately 60 to 80 localities use a third-party financial application to interface with the Locality Automated System for Expenditure Reimbursement (LASER) system used for financial reporting, because LASER does not meet local financial management needs. Local employees also expressed concern that the Local Employee Tracking System (LETS), used primarily by the State for tracking local staffing, has limited usefulness to local human resource managers. Some of these managers noted that although LETS serves as the State's sys-

tem of record for an employee's annual review and compensation, it is very time intensive to use and provides minimal management functionality. LETS also fails to generate staffing information, such as individual employee caseloads.

***To address concerns with local workflow and client services, some local departments have purchased commercial software that facilitates case management and improves access to multiple social services systems.***

***Cost of Commercial Software Is Prohibitive to Some Local Departments.*** To address concerns with local workflow and client services, some local departments have purchased commercial software that facilitates case management and improves access to multiple social services systems. However, addressing these gaps in systems functionality requires the commitment of local financial and staff resources, which may not be available to all local departments. This further contributes to the disparity in the access to resources, which limits the ability of some departments to effectively plan and manage their operations, as discussed in Chapter 3.

For example, an external case management system used by several social services agencies costs an average of \$1,000 per user each year. In addition to licensing costs, localities incur additional costs for system configuration, customization, and maintenance. Therefore, localities such as the City of Richmond and Fairfax County each reported spending over \$250,000 annually for case management software. Given Virginia's locally-administered social services system, the total expenditure for this type of software statewide is not readily available. However, several local departments reported that they would not—or could not—purchase a case management system because of the prohibitive cost.

Additionally, while useful to local departments, most of these locally-purchased systems do not fully interface with State-provided systems. This causes duplication of effort as local staff must manually enter information at least twice into separate systems, and hard-copy reports must be generated and manually transmitted between programs and systems. Ultimately, this duplication of data entry results in less time available to spend on direct client interaction.

### **Security Concerns**

In early 2005, the State's Auditor of Public Accounts (APA) found that State DSS oversight of local departments led to security concerns about local access to systems and data, including that DSS had no centralized records of which local employees had access to systems and at what level.

***System Security Requirements Impact Local Workload.*** Previous JLARC reviews of DSS automated systems documented problems with the level of security assigned by some localities to individual employees. An additional issue with system security is the impact these requirements have on local department workloads. For example, because of the number of systems local workers are required to use, and the corresponding security concerns for each system, local employees are required to use different passwords for accessing each system. These passwords are often required to be of different lengths, and must be updated regularly. Passwords are also required for local government and third-party systems. This

compounds local employee frustration with systems, and poses some security concerns as employees reported writing passwords on pieces of paper left next to the computer. In addition, local security officers are required to routinely update passwords, in some cases monthly.

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### **Some Systems May Not Have Continuing Technical Support**

More than 60 different automated systems are used to administer and supervise Virginia's social services programs. These systems have a variety of operating platforms of varying ages and capabilities. Several DSS systems currently reside on the Unisys and IBM mainframes hosted by the Virginia Information Technologies Agency (VITA). Almost half of DSS systems were developed using the MAPPER programming language. Training and technical support for MAPPER are increasingly unavailable in the United States, making continued use of the MAPPER language more difficult and expensive. The department is having a contractor conduct a feasibility study on migrating MAPPER code to a more modern programming language. A preliminary review indicates that it will be feasible to convert ADAPT, but that some smaller programs may have to continue to be based in MAPPER.

Additionally, some benefit programs systems and the Virginia Client Information System (VACIS) rely on another legacy database using Unisys mainframes. This database platform, Database Management System (DMS), is becoming technically more difficult and expensive to support. Migration of benefit programs applications from this database is currently underway, while some additional modifications remain to migrate the VACIS application from the DMS database.

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### **INFORMATION SYSTEMS PLANNING AND DEVELOPMENT PROCESSES ARE IMPROVING, BUT CHALLENGES REMAIN**

The use of best practices, local involvement, and modern technologies has helped to improve recent systems planning and development efforts. Therefore, DSS appears to be addressing some of the concerns historically raised by local staff about gaps in system functionality. Against this backdrop of progress, DSS is proposing to embark upon a major, long-term systems development initiative estimated to cost many millions of dollars. There are several concerns about the planning and oversight for this proposed investment, however, and the State should be cautious as it begins this potentially large-scale, high-risk systems development effort.

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## Systems Development Processes Improving Through Increased Use of Best Practices

To address the well-documented shortcomings in systems planning, development, and implementation, DSS has begun to employ best practices of IT project management and systems development. Because of these practices, such as the IT investment management approach, systems planning and development have improved. The State DSS also has increasingly sought local input in the design, testing, and implementation phases of recent systems. There is also an increase in the use of modern techniques, such as web-based programming and rapid applications development.

***Use of Information Technology Investment Management Has Improved Systems Planning.*** DSS has adopted an information technology investment management (ITIM) approach to improve planning and coordination for the development, maintenance and management of IT resources. ITIM is a standard, repeatable process of prioritizing and monitoring IT initiatives, driven by the business units and based on business needs. This approach was established to provide the decision-making structures and project management tools necessary to improve system development processes, while minimizing the risks associated with technology investment. Similarly, DSS has implemented a project development lifecycle methodology to standardize project management practices and improve system quality.

As part of the ITIM approach, the department established an information technology planning committee that allows for the open discussion of technology needs by both State and local employees. The committee approach to systems planning and prioritization has increased local input and improved communications between State and local technology professionals. This approach has also helped formalize a tracking system for scheduled development and maintenance tasks in each program area. JLARC staff initially recommended that DSS develop a more systematic process for documenting and responding to problems with OASIS in 1998, and are required by Appropriation Act language to participate in this committee. Given the progress of the Information Technology Planning Committee, ongoing JLARC staff participation in this committee, as required by the Appropriation Act, is no longer necessary.

***Given the progress of the Information Technology Planning Committee, ongoing JLARC staff participation in this committee, as required by the Appropriation Act, is no longer necessary.***

***Increased Local Input in Systems Development.*** Also contributing to recent success with systems planning and development is the increased involvement of local department staff in the design and testing of new systems and improvements. For example, recent systems development initiatives for the Office of Adult Services and maintenance enhancements to

***“The application has been rolled out in the most positive way possible. The development team actually asked for feedback prior to implementation.”***

the multiple systems inquiry function of ADAPT engaged local staff in determining functional requirements and conducting pilot testing. These processes have been met with broad approval by local department staff, with one local staff member remarking “The application has been rolled out in the most positive way possible. The development team actually asked for feedback prior to implementation.”

The State DSS is also seeking continuous input and feedback from all system users through periodic surveys. The first such survey was administered in July 2005, and ongoing surveys will be used to continually measure customer satisfaction as well as identify new functional needs.

***Use of Web-Based Technology Has Improved Local Department Access to Data.*** The State DSS is employing web-based technology for current systems development and maintenance activities to enhance local department access to data and information. Web-based technology allows easier manipulation of and better access to data in separate systems. This includes the creation of web-based infrastructure for the department and the use of development tools and programming, such as open database connectivity (ODBC), to improve access to databases without using a proprietary language. Additionally, the department is using other web-enabled programming techniques, such as lightweight directory access protocol (LDAP), which allow secure and more efficient exchange of data between internal and external applications.

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### **State Efforts at Integrating Data from Existing Systems Are Improving, and Long-Term Solutions Have Been Proposed through PPEA**

There has been a longstanding need to improve the major State-provided systems. One of the most frequently requested improvements has been the ability to access multiple systems across social services programs and at other State or federal agencies. While the State’s long term plans may include integrating these systems or building a new, single system, State DSS staff have in the near-term developed a web-based application that allows local staff to access data across multiple systems.

***Recent Efforts at Improving Systems Functionality Focus on Meeting Local Needs.*** In May 2004, State DSS staff began developing the Systems Partnering in a Demographic Repository (SPIDER) application. The State began this effort in response to the many, longstanding local requests to improve the multiple systems inquiry functions of existing benefit program applications, OASIS, and other State and locally-maintained systems. The SPIDER application was also developed to meet goals identified in the DSS strategic plan and



has had input and review from the Information Technology Planning Committee and the Virginia Information Technologies Agency (VITA) since August 2004.

***Early local feedback on SPIDER is very positive, and it appears that the SPIDER application will improve local access to data residing in DSS systems.***

State DSS staff developed rapid application prototypes between July 2004 and January 2005. Pilot testing of SPIDER at local departments occurred between February and May 2005. Currently, SPIDER is operational and provided at no charge to local departments. Early local feedback on SPIDER is very positive, and it appears that it will improve local access to data in DSS systems. As of August 2005, SPIDER was able to access data from the ADAPT, OASIS, VACIS, energy assistance, and SDX (interface with Social Security Administration) applications maintained by DSS as well as client information maintained by the Department of Motor Vehicles. Systems for child support, adult protective services, Medicaid (maintained by DMAS), and employment verification are also targeted for future integration.

#### **Public-Private Education and Infrastructure Act (PPEA)**

The PPEA, revised by statute in 2003, allows vendors to submit unsolicited proposals for IT projects. If a proposal is judged consistent with the goals of the agency, it can be posted publicly to allow other vendors to submit competing proposals.

***Long-Term Solutions to Systems Needs Have Been Proposed Through PPEA.*** In addition to increasing the accessibility of data in existing systems, the State has received proposals for an Integrated Social Services Delivery System (ISSDS) under the State's Public-Private Education and Infrastructure Act (PPEA). Conceptually, the ISSDS is a replacement and integration of the major benefits, services, and child support enforcement systems. Between March and November 2004, DSS received two unsolicited PPEA proposals. One was rejected because it did not meet the statutory requirements for a proposal. In November 2004, a committee reviewed the remaining proposal and obtained approval to post it publicly. In addition, the committee developed "Attributes for Desirable PPEA Proposals" to provide additional guidance to vendors. Notice was sent to approximately 800 vendors advising them of the opportunity to submit proposals.

#### **Local Involvement In Review Process**

In addition to the PPEA leadership team, technical and program review committees were established. These committees included State representation from DSS, DMAS, and VITA, as well as from local departments.

In February 2005, the department received four proposals, including updates to the original proposal, and in May 2005, the proposals were reviewed for necessary information. A PPEA leadership team was appointed consisting of half State and half local workers. The team also includes representatives from DMAS and VITA. The PPEA leadership team serves as the selection committee to evaluate the proposals and develop recommendations about which vendors, if any, should be selected for the detailed phase of the process. The four PPEA proposals were posted on the DSS website to allow for review and comment by localities and other State agencies over a 60-day period.

The PPEA leadership team's evaluations were completed in September 2005 with plans to make recommendations on

whether or not to proceed. The State DSS expects to determine a course of action for this proposal in October 2005. The minimum amount of time until a formal contract could be issued is at least 16 months. However, as addressed below, the department's past performance with managing systems development efforts and the limited oversight by the VITA project management division has the potential to place the State's investment in this project at risk.

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## Planning and Oversight Structures Impact Virginia's Locally-Administered Social Services System

Following the creation of VITA by the 2003 General Assembly, the State's major IT functions were consolidated into a single entity. As a result, 53 IT staff and thousands of hardware devices were transferred to VITA from DSS. While many local departments have not experienced problems with technical support resulting from the transition, it appears that these changes have contributed, in part, to shortfalls in project oversight and potentially increased operating costs.

***Recent Initiatives Underscore Shortfalls in DSS Planning and VITA Oversight.*** As previously mentioned, State staff recently developed the SPIDER application. While DSS was developing this application, a third-party vendor was working with VITA to develop a nearly identical application. Because SPIDER was developed as a maintenance enhancement to the existing ADAPT system, it was not required to be formally reviewed by the VITA project management division. However, if VITA project management division staff had asserted oversight responsibility for the enhancement activities to build the SPIDER application, the efforts of a third-party vendor working with VITA to build a very similar system could have been coordinated with SPIDER development. This coordination would have reduced some of the initial confusion among local departments about these two applications, and potentially led to lower overall development costs for the State.

### Systems Development Guidelines

According to VITA guidelines, enhancement refers to activities that improve an existing information system's usefulness and functionality. However, an activity is a project if that activity leads to modification of an existing product or service, resulting in a new unique product or service within the operational or organizational environment.

More concerning, it appears that the State DSS circumvented statewide technology oversight structures, promulgated within the *Code of Virginia*, when developing and implementing a web-based case management and reporting system. The Adult Services / Adult Protective Services (ASAPS) application will provide new data on service needs and delivery to elderly Virginians. While the system appears to be functional, DSS did not follow established procedures for the planning and prioritization of this development effort. Costs for initial development, budgeted at \$600,000, far exceed the \$100,000 threshold for VITA review. Therefore, the ASAPS application should have been included in the IT Strategic Plan and project

documentation should have been periodically reviewed by the VITA project management division.

Even though development of this application occurred over a 12 month period beginning in August 2004, the VITA project management division did not have the opportunity to review ASAPs because DSS did not make it aware of the project. This lack of oversight is a problem in part because the system has the potential to impact how services are provided by the State to Virginia's aging population, and future enhancements to the system will depend on the availability of funds. Consequently, this development effort should have been reviewed and prioritized by the State's Information Technology Investment Board.

***Centralization of State Information Technology Assets Could Increase State DSS Operating Costs.*** Following the reorganization of the technology functions of State government, approximately 30,000 assets (including desktop computers, servers, and printers) as well as 53 employees were transferred from DSS to VITA. Currently, all agencies are required to pay administrative fees of 5.52 percent, as approved by JLARC, on the acquisition of goods and services. In July 2005, VITA staff developed a pilot for shared services rates for desktop and network devices to replace the current "cost plus administrative fee" rate. The proposed rate included several tiers of service. Based on an analysis of these rates conducted by VITA staff, DSS desktop support at the lowest tier possible increased the statewide costs from the current budget of \$2 million to approximately \$6 million, a 300 percent increase. As a result of this analysis and concerns raised by JLARC staff, in August 2005, VITA decided not to pursue this proposed rate structure.

In addition to the costs associated with standardized rates for hardware support, the State DSS has also requested additional allocations to cover increases in charges by VITA for mainframe computing. The department requested an appropriation of more than \$6 million in FY2005 and almost \$7 million in FY2006 to cover these costs. These requests were not funded.

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### **State Should Be Cautious with Proposed Systems Development Initiative**

The State DSS has received proposals for an Integrated Social Services Delivery System (ISSDS) under the State's Public-Private Education and Infrastructure Act (PPEA). State DSS preliminary estimates of the costs for this projects are more than \$100 million, and funding for the continued planning of this initiative has been identified as the State's highest priority technology investment. While this proposal may be a long-

term solution to State and local needs, there are several potential risks. These include the massive scope of the proposal, the State DSS's poor track record with large-scale systems development and implementation, insufficient rigor and scrutiny in planning, and external pressures to proceed.

***DSS Has Had Mixed Results with Other Large-Scale Systems.*** The mixed past performance of DSS with major systems development efforts raises concerns about the ability of DSS to manage a project of this size. While DSS has had recent success with several smaller scale efforts, the past problems with the development and implementation of major information systems for service and benefit programs are well documented. Local department staff expressed similar concern. While some expressed hope that the State DSS could manage a project of this scope, others were not confident that DSS could successfully manage such a large-scale systems initiative.

Other states that have attempted to develop information systems for social services of similar scale have chosen to wait or have reduced the scope of the project. For example, North Carolina scaled back its efforts to improve and consolidate its social services systems, and it is North Carolina's efforts upon which the initial concept and cost estimate for the ISSDS are based. Other states that have proceeded faced difficulties throughout the planning and development phases, with mixed implementation results. Colorado, for example, has experienced well-documented problems with its benefits system resulting in payment errors to clients.

***Initial Planning and Oversight Have Been Insufficient.*** It also appears that VITA has provided insufficient oversight of the planning for the ISSDS initiative. For example, though there appears to be a preliminary business case to justify the project, no complete analysis has been done of the benefits, costs, and risks of various alternatives to the ISSDS. There also appears to be no formal project plan stating the cost of each phase of the project. Further, the sequencing and costs of transitioning from current systems to the ISSDS are unknown, as is the risk the transition would pose to ongoing program administration at local departments. Additionally, some aspects of the original proposal are now being addressed in other department initiatives, such as the master customer identification activities addressed by SPIDER.

Other concerns with the level of planning were addressed in a September 2005 review by the Auditor of Public Accounts (APA), which found that although the State DSS has both a business plan and IT strategic plan, it is not linking these processes together with this system effort. Considering the de-

partment's poor history of system implementation, the APA recommended that DSS suspend the ISSDS initiative until it completes and links both the business plan and the IT strategic plan. Additionally, planning for this initiative should encompass potential changes to business operations identified in the current business process reengineering efforts.

The VITA project management division apparently did not adequately review the ISSDS initiative before including it in the statewide Recommended Technology Investment Projects (RTIP) document submitted to the Governor and the General Assembly in 2004 and 2005. For example, the initial \$128 million cost estimate came directly from the previously mentioned North Carolina business process reengineering and automation study. While the two states have similar social services systems, the North Carolina project included costs associated with business process reengineering that will be part of a separate effort in Virginia. Despite these differences, the cost estimate was included in the project documentation reviewed by VITA's project management division for inclusion in the 2005 RTIP document, raising concern with the level of review of this project by VITA, especially given its scale, mission impact, and potential cost. It also appears that the ISSDS project was initially identified as a priority project for the State as the result of this limited review of the project documentation and an arbitrary decision by the Information Technology Investment Board to include two major projects from each Secretariat in the 2004 RTIP.

***The vendor-driven, open-ended nature of the PPEA process may make it inappropriate for DSS to use at this time.***

***PPEA Structure May Increase Risk.*** The vendor-driven, open-ended nature of the PPEA process may make it inappropriate for DSS to use at this time. The department's evolving program and business requirements, mixed track record of successfully managing large-scale IT development efforts (discussed earlier in this chapter) and supervision and support weaknesses discussed in Chapter 7 raise doubt about its ability to effectively plan and implement systems using this relatively new and undefined process. In fact, no other State agency has successfully managed a proposal of this size under the PPEA, so there is also little practical guidance available to DSS. In addition, because PPEA guidelines give DSS discretion to redact financial and other proprietary information, the input provided by local departments may have been unnecessarily limited. The overall adequacy of PPEA guidelines is also currently being reviewed by the State's Freedom of Information Act Advisory Council. Finally, because DSS chose to proceed with the review of the PPEA proposals, it is responsible for reviewing proposals and deciding whether to proceed with negotiations in a relatively short period of time.

As illustrated above, while the State DSS has improved some systems development processes, the agency has a mixed track record with major systems development initiatives and has not adequately followed some statewide guidelines for reporting systems development activities to the VITA project management division. This has resulted in limited oversight of current systems development activities and only a cursory review of preliminary plans for the ISSDS initiative. Given VITA's statutory responsibility for the oversight of systems development initiatives in excess of \$100,000, the project management division should assert its role in the ongoing oversight of this project and make resources available as necessary to ensure the State's investment in this initiative is based on sound analysis and planning. Further, because of the significant cost and risk of this systems effort, strong and ongoing legislative oversight will be necessary.

**Recommendation 5:** The General Assembly may wish to consider requiring regular reports on the ISSDS initiative to the Senate Finance and House Appropriations Committees.

**Recommendation 6:** The Chief Information Officer of the Commonwealth and the VITA Project Management Division should increase their oversight of the planning and development of the ISSDS initiative. Updates on the status of this initiative should be regularly provided to the State's Information Technology Investment Board.

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## State DSS Supervision and Support

### In Summary...

In addition to the issues identified in previous chapters of this report, two significant shortcomings in State supervision and support hinder systemwide operations and performance. First, the State lacks sufficient strategic management capabilities, including effective data collection, analysis, and coordination, which are increasingly important in Virginia's complex social services environment. Second, the current State DSS organizational structure hinders its ability to communicate with, provide guidance to, and oversee local departments. Collectively, these weaknesses, and frequent turnover at the DSS commissioner position, hinder the ability of the State DSS to fulfill its critical supervisory and support roles. Enhanced planning and two statutory changes that provide more specific direction to the State DSS about its supervisory and support responsibilities are recommended.

There is wide variation in the resources and capabilities of local departments and as a result some departments demonstrating low levels of performance. Many departments also rely heavily on the State for supervision and support, which underscores the critical role that State supervision and support plays in Virginia's locally-administered system.

### STATE DSS NARROWLY INTERPRETS SUPERVISION AND SUPPORT RESPONSIBILITIES

The *Code of Virginia* does not identify specific supervision responsibilities for the State DSS, stipulating only that the commissioner "shall supervise the administration of the provisions of [title 63.2] and see that all laws pertaining to the Department are carried out to their true intent and spirit." Without specific statutory direction about what supervision should entail, the State's interpretation of its responsibilities has become more narrow over time. In the mid-1970s, the State Department of Welfare (the State DSS predecessor organization) had a mission statement that defined supervision as to "provide, within its legal authority, leadership and support of public welfare agencies." The statement listed specific attributes of leadership and support, including program and policy development, policy interpretation, technical consultation, training, adminis-

***Although the current mission statement appears adequate for the overall system, there is currently no specific articulation of the mission or priorities of the State DSS with respect to local departments.***

trative supervision, and monitoring and evaluating local departments and programs.

However, in 2005, the State DSS does not have its own mission statement, but rather refers to the systemwide, outcome-oriented mission statement which is “people helping people triumph over poverty, abuse, and neglect to shape strong futures for themselves, their families, and communities.” Although the current mission statement appears adequate for the overall system, there is currently no specific articulation of the mission or priorities of the State DSS with respect to local departments.

According to State law, “the local director shall act as agent for the Commissioner in implementing the provisions of federal and state law and regulation,” which suggests a shared responsibility for Virginia’s social services programs. Further, while local governments do provide funding for system operations, the State contributes more total funds than local governments to Virginia’s social services system. However, numerous State DSS division directors and staff routinely noted in interviews that the locally-administered nature of the system gives the State DSS limited authority or control over a local department. Such a narrow interpretation of supervisory responsibilities and support of local departments is not necessarily in the collective interest of the system, and in the long-term places the State in a passive, reactive position.

The issues already identified in Chapters 3, 4, 5, and 6 result in part from this narrow interpretation. For example, because it is not specifically addressed in statute, the State has chosen not to provide targeted human resource support to local departments experiencing unusually high staff turnover. In addition to the issues already raised, there are other weaknesses in the State’s supervision and support that have systemwide consequences. The remainder of this chapter describes these weaknesses and their negative impact on the entire social services system.

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## **STATE DSS HAS WEAK STRATEGIC MANAGEMENT CAPABILITIES**

The *Code of Virginia* requires the State DSS to “assist and cooperate with local authorities in the administration of social services programs.” Some of the State’s shortcomings in providing this support have been discussed in Chapters 4, 5, and 6. More problematic, perhaps, is the State’s lack of strategic focus, including weaknesses in: data collection to support strategic decision-making, analytic support to identify improvement opportunities, and leadership in coordinating with other organizations.



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## Strategic Management Is Critical in Locally-Administered System

Taking a strategic approach to social services is a challenge. As discussed in Chapter 3, external factors beyond the control of government largely determine local caseload, and most program requirements are determined by the federal government. Further, outcome-based management—difficult for any public organization—is still in its infancy in the social services area. Regardless, the complex nature of the system and the programs it administers, in addition to the financial magnitude of the programs involved, necessitates a strategic approach to managing system operations. Because it has purview over all 120 local departments, the only organization that can strategically manage the overall social services system is the State DSS. Such management should include (1) collecting data from and providing data to local departments that supports decision-making, (2) analyzing the data collected to identify trends and improvement opportunities, and (3) coordinating with other organizations working to achieve similar outcomes.

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## Voluminous, Segmented Data Collection Hinders Strategic Decision-Making

### Longstanding Problem

In 1981, JLARC found that "large amounts of data are not sufficiently used."

Under the requirement to assist and cooperate with local authorities, statute requires the State to "collect and publish statistics and such other data as may be deemed of value in improving the care of persons and in correcting conditions that contribute to dependency and delinquency." While the State DSS collects tremendous amounts of data from local departments—much of which is required by the federal government—it is questionable whether the State is turning the voluminous data it collects into useful information to support decision-making at both the State and local levels. In numerous instances observed by JLARC staff and reported by local departments, State DSS staff appeared to struggle to produce credible information to support internal decision-making and respond to external information requests. For example, dozens of individual data elements exist about Virginia's children in the Foster Care program. However, when asked, State DSS staff could not provide information on the extent to which an increase in court-mandated foster care cases was contributing to the increased difficulty some departments were having placing children in foster homes or adoptive families.

The State DSS is further limited by its segmented approach to data collection. Individual program divisions separately collect program information from each local department. The Division of Finance collects financial information from each local department. The Division of Human Resources Management collects human resources information from most, but not all, local departments. This approach to data collection limits the State's ability to proactively support local departments that

***This approach to data collection limits the State's ability to proactively support local departments that may need assistance.***

may need assistance because DSS cannot assess their overall situation. For example, several departments are currently operating well below the State average in certain performance indicators, are located in jurisdictions that are under high fiscal stress, are experiencing difficulties retaining and recruiting staff, and will be experiencing retirements by the director and other senior staff in the very near future. These departments are at greatest risk for significant operational and performance failures, yet this information resides in no single place within the State DSS. Perhaps more concerning, no person or office is responsible for comprehensively monitoring such issues.

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## **State DSS Has Limited Analysis Capability**

### **Longstanding Problem**

In 1981, JLARC found that "the department needs to strengthen its research and evaluation capability."

Beyond data collection difficulties, the State DSS also does little analysis to support strategic decision-making and improved performance. In fact, nearly three-fourths of local departments report that the State DSS does a "poor" or "fair" job of disseminating usable policy analysis and assessments that identify trends and improvement opportunities. Underscoring this weakness are numerous issues that need additional analysis to identify trends and performance improvement opportunities. These issues have been identified by JLARC staff and State and local staff throughout the course of this review, and are shown in Exhibit 2.

Of the 14 issues identified in Exhibit 2, the State DSS appears to have recently conducted analysis to address two:

- In November 2004, the State conducted analysis and drafted a corrective action plan to improve the accuracy of food stamp payments; and
- In August 2005, the State began an assessment to determine the reasons for the increase in special needs adoptions funds.

The remaining 12 issues are still outstanding and demonstrate the State's lack of attention to identifying and analyzing issues and trends that may greatly impact system operations and performance.

## Exhibit 2

### Issues Needing Analysis to Identify Trends and Improvement Opportunities

Source: JLARC staff analysis.

#### Benefit Programs

1. Emerging Medicaid issues, especially the impact of the increase of long-term care and asset transfer cases confronting local eligibility workers;
  2. The extent to which local departments conduct accurate Medicaid eligibility determinations and apply corrective actions where necessary;
  3. Opportunities to leverage Medicaid funding, especially for certain administrative activities;
  4. The reasons for recent fluctuations in the food stamp error rate, after a number of years of steady decline; and
  5. Regional employment strategies and opportunities, including regional coordination with employers across local departments.
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#### Service Programs

6. Opportunities for statewide negotiation of vendor rates for treatment services and residential placements;
  7. The impact of methamphetamine and other substance abuse problems on service caseloads and the nature of service casework, especially in the southwestern part of the State;
  8. The impact of a purported increase of children being court-mandated into foster care that historically may have been placed in juvenile detention homes; and
  9. The significant rise in the numbers of and required funds for special needs adoptions.
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#### Financial, Human Resource, and Information Technology Management

10. The impact of increased local government spending for administrative costs on the ability of some local departments to deliver services;
  11. The impact of the decline in the amount of local department input into the budget process, which limits the State's ability to fully determine systemwide priorities, issues, and needs;
  12. Ways to support local departments that report significant imbalances between existing staff and current workload;
  13. Identification of local departments potentially at risk because of current recruiting and retention issues and pending retirements; and
  14. Opportunities to conduct statewide negotiations with third-party vendors of IT systems used by some local departments to reduce overall system IT costs.
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## State Could Improve Coordination with Other Departments, Organizations Seeking Similar Outcomes, and Among Local Departments

The complexity of social services programs and the large number of stakeholders—both within government and in other sectors—working to achieve similar outcomes places a premium on coordination. While the informal relationships and partnerships developed at the local level discussed in Chapter 3 are one of the biggest advantages of Virginia’s locally-administered system, coordination is also needed at the State level. Both State DSS and local staff note that this coordination needs to focus on working together to serve the same people, sharing information, and sharing scarce resources for services.

***Need for Improved Coordination Among State Agencies and Other Organizations.*** Local department staff routinely lament the lack of a coordinated, statewide strategy around workforce development. Local departments of social services, the Virginia Employment Commission, Community Services Boards, Community Action Agencies, Workforce Investment Boards, and other regional organizations all have resources and activities to prepare citizens for work and help them obtain and maintain employment. According to both State and local staff, this lack of coordination results in numerous duplicative, under-resourced initiatives competing to achieve similar outcomes.

A majority (62 percent) of local departments report that coordination could be improved with Community Services Boards (CSB) for adult service programs. More than half of local departments report coordination could be improved with the Department of Juvenile Justice, local school systems, and CSBs for foster care. More than 80 percent of local departments report that coordination needs to be improved with DMAS for Medicaid eligibility determinations, and more than 60 percent report that improvement is needed with DMAS for the FAMIS program.

***More than 80 percent of local departments report that coordination needs to be improved with DMAS for Medicaid eligibility determinations.***

***Local Department Coordination Through Consolidation and Collaboration.*** In 2003, the State DSS assessed the issue of consolidating local departments and concluded that consolidation should be strongly encouraged and incentives provided, but not required. There are currently 12 consolidated local departments that serve multiple localities. Some local departments that are not officially consolidated but in close geographic proximity still collaborate by, for example, sharing staff resources. Several local departments within driving distance of each other share supervisors or staff, with each local department paying for a portion of their full-time salaries. The supervisor or worker will spend a certain number of days

each week in each of the various local departments, filling a need in multiple departments that each could not afford to pay for individually. However, these collaborative approaches to sharing local resources are not widespread. This suggests the need for a stronger State role in facilitating and encouraging collaboration among local departments, particularly among those highlighted in Chapter 3 who independently struggle to access important resources or achieve target levels of performance.

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## State DSS Division with Strategic Management Responsibilities Struggles to Have Impact

Within DSS, the Division of Quality Management is partly responsible for data collection, analysis, and coordination. Despite the weaknesses discussed above, the division does have several initiatives underway focused on analysis, performance improvement, and coordination. For example:

### Self-Assessment for Performance Improvement

Pennsylvania, which also has a locally-administered social services system, provides local departments with a self-assessment tool. The tool allows local departments to self-assess their performance in several areas, such as intake or overall management. The tool then suggests potential best practices that may improve performance in areas of need.

- In partnership with other divisions, it is conducting more targeted analysis and review of local departments. Through these reviews it also attempts to identify possible best practices used by local departments.
- The division is collecting and compiling both output and outcome information from local departments, and posting it on a website that the State DSS and local staff can use to identify trends in local department performance in important areas for most large programs.
- The Office of Community Partnerships within the division has created a self-assessment tool that community organizations can use to determine their capacity to apply for, receive, and administer grant funding. This office also has provided several small grants to community organizations based partly on their ability to define measurable client outcomes.

However, the Division of Quality Management appears to be emblematic of the State-focused—and, at times, illogical—structure and culture of the State DSS. For example, the division in recent months has been repeatedly reorganized, and now appears to have limited authority within the State DSS organization. Division staff appear to have difficulty getting staff in other divisions to cooperate on activities such as coordinated data collection from local departments and providing targeted support and training. These conditions hamper the division's effectiveness and contribute to the State's ad-hoc, reactive approach to strategic management. Such an approach limits the system's ability to conduct analysis, coordinate, and strategically administer social services. State DSS staff, local departments, and non-profit organizations all ex-

press the desire to improve analysis and coordination, but these critical aspects of strategic management do not appear to be sufficiently emphasized within the State DSS organization.

**Recommendation 7:** The State Department of Social Services should improve its strategic management capabilities. These improvements should at a minimum include: (a) collecting from and providing to local departments information that supports improved decision-making; (b) enhancing the State DSS ability to conduct analysis to identify trends and improvement opportunities; and (c) more directly coordinating with other State agencies and other organizations, and facilitating collaboration among local departments.

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## STATE DSS ORGANIZATIONAL STRUCTURE CONTRIBUTES TO INADEQUATE LOCAL DEPARTMENT SUPERVISION AND SUPPORT

The *Code of Virginia* requires the State DSS to supervise local departments. Local assessments of some State supervisory responsibilities were positive or mixed. However, assessments of current State DSS supervision and support in specific areas historically conducted by regional staff were more negative. This appears to be in part because the current State DSS organizational structure emphasizes State operations. Given the number of local departments that struggle to perform and lack access to important resources, this supervisory role is critical to the success of Virginia's state-supervised, locally-administered system.

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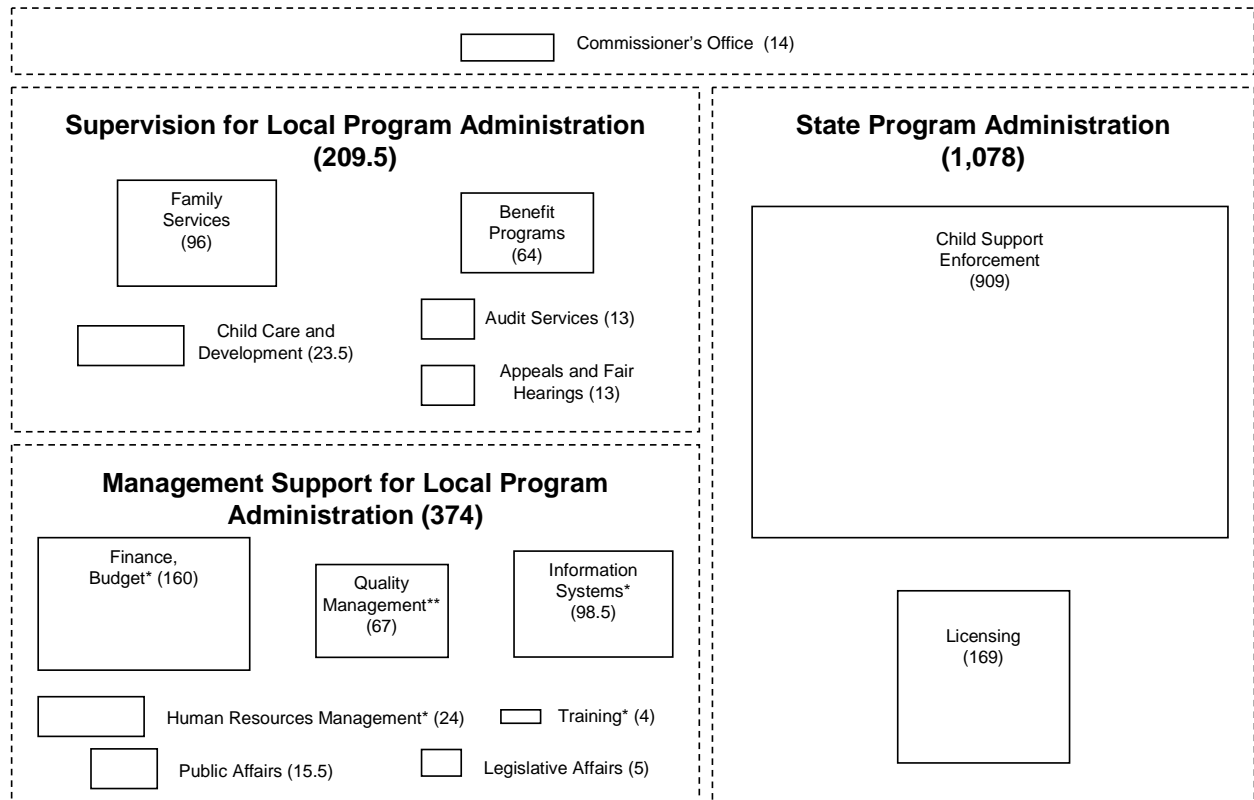
### State DSS Organizational Structure Emphasizes State Operations

State statute provides the DSS commissioner the authority to organize the State DSS as he or she sees fit. Of the 1,661 State DSS positions, only 35 percent provide supervision or management support to local departments. As shown in Figure 16, the divisions that comprise the current State DSS organizational structure can be grouped into three broad categories:

- State Program Administration - Nearly two-thirds of all State DSS staff are in the Child Support Enforcement and Licensing Divisions.
- Supervision for Local Program Administration – Most of the roughly 210 staff that supervise local departments are in the Family Services, Benefits Programs, and Child Care and Development Divisions and focus on developing policy within federal requirements.

**Figure 16**  
**Allocation of State DSS Staff, by Division or Office**

Source: JLARC analysis of data provided by State DSS Department of Human Resource Management.



\*Includes some staff that support the state-administered Child Support Enforcement and Licensing programs and State DSS staff.

\*\*Includes most of State staff located in five regional offices and some program and management specialists that support local departments.

Local department assessments of the State's performance in this aspect of supervision were mixed. While more than 55 percent of local departments rated the State as "excellent" or "good" in developing effective policies for service programs, about 40 percent provided the same rating for benefit programs. Staff in these divisions also provide written policy guidance to local departments, interact with federal and other State agencies, and collect data from local departments.

- **Management Support for Local Program Administration** – Most of the 374 staff that provide management support to local departments are in the Divisions of Finance, Quality Management, and Information Systems. Staff in these divisions perform financial and budget activities, including reimbursing local governments for monthly expenditures and managing and developing IT applications. These offices also provide management support to State DSS staff.

Included among the staff that provide program supervision and management support to local departments, are program and

management specialists that interact most frequently with staff at local departments. Most of these specialists are in the Division of Quality Management, but are supervised by managers in other divisions in their respective subject area. For example, food stamp specialists are included in the Division of Quality Management, but have their priorities determined, performance evaluated, and schedules approved by managers in the Division of Benefit Programs.

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## **Role of State DSS Regional Structure Has Significantly Declined**

Historically, these program and management specialists were a vital link between State DSS staff in Richmond and staff in the 120 local departments. These specialists and other staff in regional offices routinely visited local departments, and primarily focused on:

- Communicating about State DSS initiatives;
- Communicating local concerns to State DSS staff in Richmond;
- Training local staff on program policies;
- Interpreting and clarifying complex policy;
- Providing advice and helping resolve problem cases; and
- Overseeing the accuracy and appropriateness of case actions.

However, since the early 1990s, the State DSS has been dismantling its regional structure by decreasing the number of staff physically located in the regional offices and diminishing the role of regional directors. Prior to this decline, regional directors reported directly to the Commissioner. However, since that time they have been moved progressively lower within the organizational hierarchy, first by reporting to the Deputy Commissioner, then to the Director of Quality Management. The authority of regional directors is now significantly limited and they currently do not supervise any staff. This has created confusion among local departments about the purpose of the regional structure and raises questions about the soundness of the current regional approach.

### **Longstanding Problem**

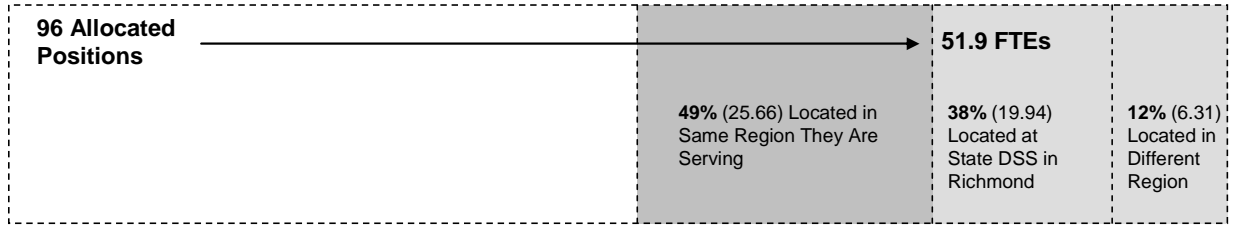
In 1981, JLARC found that the "State Department of Welfare needs to resolve organizational confusion and strengthen the regional offices to ensure effective and consistent support and oversight of system-wide activities."

The current regional structure, called Statewide Local Teams by the State DSS, includes 96 positions allocated to six regions. Each of the six teams includes 16 positions focused on program supervision and management support in specific functional areas. Figures 17 and 18 show the allocation of positions and staffing and geographic and caseload coverage of the Statewide Local Teams. As of June 2005, there were only 52 Full Time Equivalent (FTE) people serving in the 96 positions allocated to the six Statewide Local Teams. Only



## Figure 17 Comparison of Allocated Positions and Staffing and Staff Locations of Statewide Local Teams

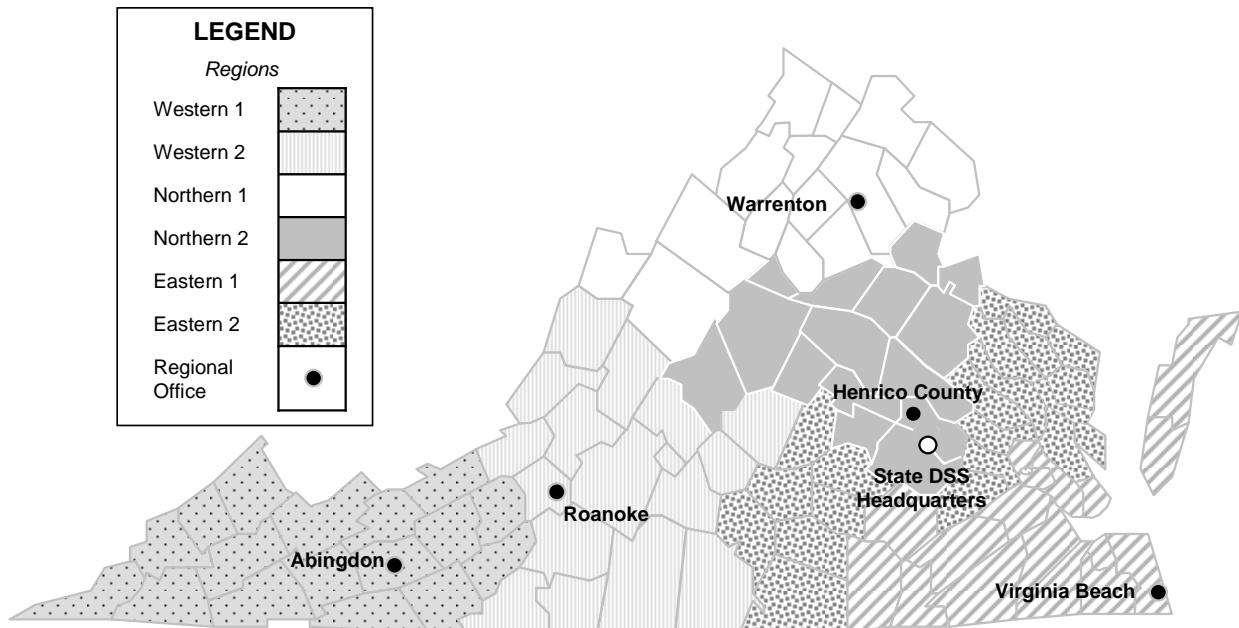
Source: JLARC analysis of State DSS documentation as of June 2005.



Note: Percentages do not total 100 due to rounding.

## Figure 18 Staffing, Geography, and Case Coverage of Current Regional Teams

Source: JLARC analysis of State DSS and other documentation as of June 2005.



	Western		Northern		Eastern	
	1	2	1	2	1	2
FTEs	8.2	8.8	9.3	8.7	8.8	8.2
% FTE Physically Located in Region	61	57	64	39	72	0
Square Miles in Region	7,449	8,880	6,861	5,665	5,354	5,540
% of State's Foster Care Children	11.5	16.7	22.6	20.8	25.7	2.8
% of State's Food Stamp Caseload	14.2	17.2	14.1	20.0	29.2	5.3

half of the 52 FTEs were physically located in the region they serve, while nearly 40 percent were located in Richmond.

***The 96 regional positions support approximately 8,500 local staff, a ratio of one regional staff for every 88 local staff.***

The 96 regional positions support approximately 8,500 local staff, a ratio of one regional staff for every 88 local staff. This ratio decreases when counting FTEs to one for every 163 local staff, and further declines when counting actual FTEs physically located in the same region to one to 326. By contrast, in 1980 the State DSS regions had 240 staff (not including Licensing and Child Support) located in seven regional offices. These 240 staff supported approximately 5,500 staff in local departments, a ratio of one regional staff for every 23 local staff.

Four of the six regions serve 20 local departments, one serves 21, and one serves 19. However, there are only five regional offices. There are also variations in the geographic coverage and the caseloads at the local departments each team supports, and slight disparities by region in the percentage of FTEs that are physically located in the region. Multiple positions across regions are also being filled by the same person, and in one case a single person was responsible for supporting all six regions. For example, the same person is responsible for IT support for the Western 1, Western 2, and Northern 2 teams.

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## **Regional Decline Contributes to Weak State Supervision and Support**

***More than 70 percent of local directors believe the Statewide Local Team structure will have a "poor" or "fair" ability to improve the quality and availability of State support provided to their local department.***

At a minimum, the current regional structure is confusing to most local departments. More importantly, the decline of the regional structure appears to negatively impact the supervision and support provided to local departments. The State DSS promoted the current regional structure as a way to improve service to local departments. However, more than 70 percent of local directors believe the Statewide Local Team structure will have a "poor" or "fair" ability to improve the quality and availability of State support provided to their local department. Local department assessments of specific State supervision and support activities historically conducted by regional directors and staff suggest that the decline in the regional structure has contributed to weaknesses in these areas historically conducted by regional staff.

***Regional Decline Inhibits Communication and Training.*** Historically, regional directors and staff played a significant role in ensuring effective communication between local and State staff. However, the current structure appears insufficient for communicating about both ongoing operations and upcoming changes. Both State and local staff indicated that the decline in the regional structure has made it more difficult to manage the extensive information that is exchanged between

***The decline in the regional structure has made it more difficult to manage the extensive information that is exchanged between local and State staff.***

local and State staff. This is exemplified by the constant policy updates and bulletins sent to local staff by the State, and enormous amounts of raw data transmitted by local departments to State DSS staff. Both State and local staff routinely noted their inability to appropriately process and manage this information. Improvements also appear necessary in communication about changes to programs or initiatives. More than 60 percent of local departments rate the State DSS as “poor” or “fair” in communication about upcoming program or management changes for benefits programs.

Regional staff, particularly program and management specialists, also used to conduct much of the training that was provided to local staff. These staff are no longer as involved in training, which is currently provided through contract by Virginia Commonwealth University. While some of the training initiatives underway appear promising (these are highlighted in Chapter 8), it appears that the lack of State staff involvement in training is of concern to local departments. Local staff note that they no longer have a chance to interact with program and management specialists at training sessions. Local staff also noted the loss of the opportunities to develop and enhance the important personal relationships that were possible previously. In addition to this lack of interaction, local staff note the need for improvement in the relevance of training to their daily work activities. Nearly 60 percent of local departments report that the State DSS does a “poor” or “fair” job of providing staff training relevant to, and useful for, the current work environment in benefit programs.

The ability of the State DSS to meet its statutory obligation to provide training for members of local boards of social services under the current organizational structure is questionable as well. Local board members used to receive several-day training sessions provided by regional staff. Now, however, because of the confusion about roles and responsibilities, regional staff report difficulty in obtaining permission for policy specialists to provide this training. Several State DSS and local officials reported similar difficulties with training new directors of local departments.

***Regional Decline Hinders Policy Advice and State Oversight.*** The locally-administered nature of Virginia’s system and the number of local departments that struggle to perform effectively underscores the need for clear, consistent policy advice and strong State oversight. Regional directors and staff used to frequently visit localities. During these visits and in phone conversations, regional staff would help local staff interpret and clarify complex policies and conduct oversight by monitoring case actions. However, local departments gave mixed assessments of current State DSS efforts in these ar-

eas historically conducted by regional staff. Half of local departments rate DSS as doing a “poor” or “fair” job of providing clear and useful policy advice and consultation for benefit programs. Nearly 40 percent of local departments provided the same rating for service programs. More than 60 percent of local departments rate DSS as doing a “poor” or “fair” job of conducting monitoring and compliance activities that yield accurate information for service programs. More than 55 percent of local departments provided the same rating for benefit programs.

***State DSS staff noted they are anxious whenever outside organizations perform a financial or performance audit of a local department.***

Without strong oversight, DSS has only limited knowledge of whether local departments are complying with federal and State requirements. State DSS staff themselves underscore this point. For example, State DSS division directors and staff repeatedly noted that they are anxious whenever outside organizations, especially federal oversight agencies, audit the finances or performance of an individual local department. One State DSS manager noted that, absent more targeted oversight through regional offices, she tries to anticipate which local departments federal agencies may review next and devotes attention to that specific department.

While this lack of insight pervades nearly all aspects of system operations, it is particularly concerning in the area of financial management. Both State DSS and local department staff note a lack of State knowledge and awareness as to whether all local reimbursement requests are valid. There are several recent examples of federal auditors visiting a local department and finding unallowable expenses, which could potentially have been avoided if the State played a more active oversight role. While the complex and widely-distributed nature of Virginia’s system makes some of these issues inevitable, it is clearly in the long-term interests of both the State DSS and local departments to ensure appropriate oversight into local operations so that the overall integrity of system operations remains intact.

***Title IV-E Foster Care Shortfall Illustrates Oversight and Communication Weakness.*** Perhaps the best example of the negative impact of the decline in State DSS oversight and understanding of local operations is the State’s current difficulty with receiving federal reimbursement for Title IV-E foster care funding. In 1999, the State DSS was seeking to maximize federal revenue and began a process that would allow local departments to draw additional federal matching funds for preventive activities designed to keep children from entering foster care. Local departments submitted reimbursement claims to the State DSS for these activities, which in turn the State submitted to the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services.

In early 2003, the ACF began to more carefully scrutinize Virginia's reimbursement claims, and in April 2003 made its first significant deferral of State claims totaling approximately \$7.5 million. The majority of these deferrals were, according to ACF, because the expenses submitted by local departments for reimbursement did not meet the criteria for allowable expenses. For a period of time after that first deferral, the State continued to receive deferral notices from ACF but did not formally notify local departments. In April 2004, the State DSS formally halted this approach to Title IV-E foster care funding. By May 2005, ACF had deferred tens of millions of dollars in federal funds and reduced the State's grant funding by \$42.9 million. While the State has identified funds to cover a portion of this shortfall through internal cost cutting and taking out a treasury loan, a \$36.2 million gap remained as of July 2005.

**Significant, Pending  
Financial Shortfall Likely**

Depending on the outcome of negotiations, the State may be required to request up to \$36.2 million to cover the unreimbursed federal Title IV-E Foster Care funds. This is five percent of the total funds reimbursed to all 120 local departments, and larger than the total funds reimbursed to most local departments.

The eventual outcome of these deferrals may not be known for some time because they are still being reviewed and negotiated. However, the Title IV-E foster care funding shortfall exemplifies many of the issues discussed throughout this report, including how the State's lack of insight into local operations and State-focused approach harms both the State DSS and local departments. First, the State DSS did not have the organizational capacity to fully oversee local reimbursement requests to determine whether they were allowable. Second, the State's lack of urgency about communicating the likelihood that these funds would not be reimbursed led many local departments to continue to spend funds and request reimbursement. Some local departments now have significant unallowable expenses that they may need to pay for.

Given the example above and the impact of State weakness in these areas, its oversight role is perhaps the most important aspect of the State's supervisory responsibilities. More broadly, without sufficient State attention to these roles, some local departments—especially those discussed in Chapter 3 that struggle to perform—have limited external support. While improvements in the data reported to the State and better information systems may improve the State's abilities in these important supervisory areas, the State also needs to examine its regional structure and determine its purpose in supervising and supporting local departments.

**Recommendation 8:** The Department of Social Services should evaluate the purposes for and benefits of having a regional structure. If it is determined that a regional structure should be maintained, then one should be developed that will serve expressly identified purposes. The criteria for the evaluation should include the extent to which a regional structure improves State DSS supervision and support.

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## TURNOVER IN COMMISSIONER POSITION EXACERBATES WEAKNESSES, AND ENHANCED STATUTORY DIRECTION IS NEEDED

The weaknesses in State DSS supervision and support are further exacerbated by turnover at the DSS commissioner position. This turnover negatively impacts both State DSS and local staff. Because of this turnover and the narrow State DSS interpretation of its supervisory and support responsibilities, enhanced statutory direction to the State DSS about its responsibilities is necessary.

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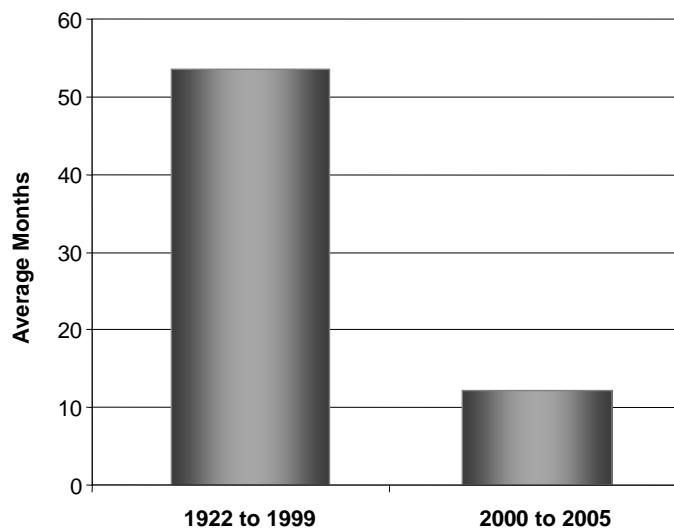
### Commissioner Turnover Exacerbates Weakness in State DSS Supervision and Support

*In recent years there has been considerable turnover in the commissioner position, with five different individuals holding the position in either acting, interim, or permanent roles over the last five years.*

The DSS commissioner is appointed by and serves at the pleasure of the Governor. Consequently, for most of the system's history in Virginia, the State DSS commissioner was in office for at least as long as the term of the governor who appointed the commissioner. Seventeen different people have served as commissioner, and seven of those served terms of five years or longer. However, in recent years there has been considerable turnover in the commissioner position, with five different individuals holding the position in either acting, interim, or permanent roles over the last five years. As shown in Figure 19, the average tenure of DSS commissioners between 1922 and 1999 was about four-and-a-half years. From 2000 to 2005, it has been about one year (excluding the current commissioner).

**Figure 19**  
**DSS Commissioner Tenures**

Source: State DSS Division of Human Resources Management.



The narrow State DSS interpretation of supervision and support responsibilities, the commissioner's authority to organize the State DSS as he or she sees fit, and the recent increase in turnover at the commissioner level, has led to numerous reorganizations of the State DSS within the past several years. Commissioners in recent years have developed their own reorganization initiatives based on their individual interpretations of the State's role. This lack of consistency in the interpretation of the role of the State and how to best fulfill it, especially in facilitating local program administration, limits the State's ability to complete the long-term initiatives required to improve performance in the complex social services environment.

While it is difficult to measure the impact of this turnover, both State DSS and local staff agree that it has in recent years negatively impacted their ability to be effective. Numerous State DSS division directors and staff noted their frustration with being frequently reorganized and the inability to complete long-term projects. Nearly three-quarters of local departments report that turnover at the commissioner level has "somewhat" or "very negatively" impacted the delivery of effective and efficient services. Many local departments also provided insightful comments on the problems that this lack of continuity causes as they attempt to administer programs. For example:

*Instead of continuing progress with established plans and priorities already begun at the State and local level, each new administrator seems to believe he or she has come into the position with a new, better, and different approach. Seldom is there an attempt to look at what has/has not worked in the past, and seldom is there a comprehensive attempt to pull key managers and local representatives together for joint decision making. Lack of coordination and communication among staff in divisions and with local agencies is the rule, which leads to an ever-changing atmosphere in which little can be accomplished because everyone is so busy learning the new rules and structures while still trying to move forward with previous priorities which will likely be changed. Through it all, local agencies must continue to try to accomplish their most important mission - service provision to families and children in their locality.*

\*\*\*

*This leadership vacuum has had significant negative impacts on our agency's operations and, without a doubt, on our department's credibility in the*

*eyes of our County Administrator and Board of Supervisors.*

The turnover also leads to an environment in which the impact of any one commissioner is extremely limited. Many local directors, especially those with years of experience, are often skeptical and unwilling to embrace State initiatives, because they are likely to be in place for only a short period of time. This creates an incentive to “wait-out” each commissioner, significantly diffusing the credibility of any single commissioner with local directors and other stakeholders. This makes it very difficult for the commissioner and the State DSS to agree on priorities across all local departments, and maintain momentum for initiatives over the long-term.

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### **Addressing State DSS Weaknesses Requires Increased Statutory Direction**

The issues identified in this chapter and throughout this report provide strong evidence that the improvement of overall system operations and performance depends in part on improved State supervision and support. Three factors argue that these needed improvements will not occur without increased statutory direction on the role of DSS. First, many of the issues identified during this review are longstanding problems that have been identified in previous JLARC studies or assessments by other organizations and have not been sufficiently addressed. Second, the State’s current narrow interpretation of its statutory supervision and support responsibilities makes it unlikely the State DSS will assume responsibility for addressing these issues. Third, the turnover at the DSS commissioner position makes it increasingly important to provide more specific statutory direction to future commissioners about the intended role of the State DSS. Consequently, the General Assembly may need to amend the *Code* to more expressly set forth the supervisory and support responsibilities of the State DSS.

**Recommendation 9:** The General Assembly may wish to amend § 63.2-203 of the *Code of Virginia* to define specific supervisory responsibilities that the commissioner and Department of Social Services must assume. These responsibilities should include: (a) providing local departments with accurate and timely policy advice and guidance; (b) communicating about relevant federal and State policies and developments; (c) conducting ongoing oversight of local department operations and performance; and (d) ensuring, to the extent possible, that Virginia’s citizens entitled to social services receive efficient and effective service from local departments.



**Recommendation 10:** The General Assembly may wish to amend § 63.2-204 of the *Code of Virginia* to define specific support responsibilities that the commissioner and Department of Social Services must assume. These specific responsibilities should include: (a) providing to and collecting from local departments financial, human resource, and program information necessary to support effective State and local decision-making; (b) proactively identifying opportunities for performance improvement and/or corrective action at local departments; (c) facilitating local program administration through coordination with other relevant State agencies, other organizations, and among local departments; (d) providing guidance, support, and resources to the extent possible to maintain and improve performance at local departments; and (e) providing recruiting, retention, and other human resources management support to local departments.

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## Comprehensive Changes Needed

### In Summary...

The findings in this report present a mixed picture of Virginia's social services system. The longstanding nature of many of the concerns discussed in this report suggests that the State DSS alone cannot improve systems operations and performance. Although the State does have several initiatives underway that, if successful, may address some of the issues identified, their long-term sustainability is in question if the turnover in State DSS leadership continues. Therefore, a commission or task force is needed to facilitate the development of a comprehensive improvement plan to coordinate a response to the issues identified in this report and integrate them with the ongoing State DSS improvement initiatives. The General Assembly, executive branch, and local governments will need to provide ongoing oversight and participate in the long-term effort likely required to make the needed changes.

This chapter summarizes the findings identified in this report and highlights several State DSS initiatives underway that may address some of the issues. The chapter also proposes both short-term and long-term changes needed to comprehensively improve Virginia's social services system.

### SUMMARY ASSESSMENT OF VIRGINIA'S SYSTEM PRESENTS MIXED PICTURE

A summary assessment of the findings in this report presents a mixed picture of the operation and performance of Virginia's social services system. As shown in Exhibit 3, there are some positive aspects of the system's operations and performance. A number of local departments are performing at a high level and meeting State and federal performance targets and requirements, and the State has provided more effective IT support recently. However, there are many areas of concern. A number of departments are falling well below State targets and federal requirements on multiple performance measures, and the State DSS is not providing adequate supervision and support. Other areas of concern include the administrative funding allocation process, the lack of human resource support, and the limited analysis capabilities of the State DSS. In most cases, recommendations have been presented to address the areas of concern identified in this report.

# Summary Assessment of Social Services System Operations and Performance

Source: JLARC staff analysis.

	Summary Assessment	Report Findings	JLARC Recommendations
Statewide Performance	Yellow	<ul style="list-style-type: none"> <li>+ The State meets or exceeds its target for one benefit program measure and federal requirements for two service program measures.</li> <li>- The State is below its target for three benefit program measures and federal requirements for two service program measures.</li> </ul>	None
Local Performance	Yellow	<ul style="list-style-type: none"> <li>+ Twenty local departments meet or exceed State targets or federal requirements on at least six of eight selected performance measures.</li> <li>- A number of local departments do not have access to important resources, such as funding or opportunities to coordinate with other organizations.</li> <li>- Twelve local departments are more than 15 percent below State targets or federal requirements on at least three of eight selected performance measures, and one-third of local departments are below State targets and federal requirements on at least six of the performance measures selected.</li> </ul>	
Local Administrative Funding	Red	<ul style="list-style-type: none"> <li>- The lack of information about funding for programs and local administration creates confusion at some local departments.</li> <li>- Process to allocate local administrative funds does not consider local caseload or local ability to pay.</li> </ul>	Recommendations 1 and 2 to improve transparency of funding and improve the administrative funding process.
Human Resources	Red	<ul style="list-style-type: none"> <li>- The State does not maintain sufficient information to determine adequacy of local staff resources.</li> <li>- Local departments risk losing significant knowledge and leadership as directors and supervisors retire.</li> <li>- Some local departments are experiencing difficulty recruiting and retaining front-line staff.</li> </ul>	Recommendations 3 and 4 to improve staffing and workload data and provide more targeted human resource support.
Information Technology	Yellow	<ul style="list-style-type: none"> <li>+ Recent systems updates and new applications appear to better support local needs.</li> <li>+ Processes to develop and implement new applications use best practices and solicit local involvement.</li> <li>- Planning and oversight for pending multi-million dollar IT system appear inadequate.</li> </ul>	Recommendations 5 and 6 to improve reporting and oversight of ISSDS initiative.
Overall State Supervision and Support	Yellow	<ul style="list-style-type: none"> <li>+ Nearly half of local departments rated State DSS supervision and support as good or excellent in some areas such as developing effective policies for service programs and providing timely and responsive assistance.</li> <li>- A majority of local departments rated State DSS supervision and support as fair or poor in other areas, including conducting monitoring and compliance activities that yield accurate information, and adequately communicating about upcoming and ongoing program or management changes.</li> <li>- State staff narrowly interpret statutory supervision and support responsibilities.</li> <li>- State DSS regional structure is ineffective and does not facilitate local communication and oversight.</li> <li>- Recent turnover in State DSS commissioner position exacerbates weak State supervision and support.</li> </ul>	Recommendations 8, 9, and 10 to assess the regional structure and enhance statutory direction on State DSS supervisory and support responsibilities.
State DSS Strategic Management	Red	<ul style="list-style-type: none"> <li>- Ineffective, segmented data collection by State DSS hinders strategic decision-making.</li> <li>- State DSS has limited analysis capabilities, and many issues need further analysis to facilitate needed improvement.</li> <li>- State DSS could improve coordination with other departments and organizations, and among local departments.</li> </ul>	Recommendation 7 to improve data collection, data analysis, and coordination.

Chapter 8: Comprehensive Changes Needed

<b>LEGEND</b>	Red	No positive (+) findings.	Yellow	At least one positive (+) and one negative (-) finding.	Green	No negative (-) findings.
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## SEVERAL STATE DSS INITIATIVES CONSISTENT WITH NEEDED CHANGES, BUT LONG-TERM SUCCESS IS IN QUESTION

Some promising initiatives are currently underway at the State DSS. These initiatives, if successful, may address some of the issues identified in this report that confront the system. However, it is too early to determine whether these initiatives will have any appreciative impact. Furthermore, the likelihood of continued turnover in State DSS leadership places the long-term sustainability of these initiatives in question.

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### Strategic Plan and Planning Process

In 2004, the State DSS and some local departments collaborated to create the first systemwide strategic plan. This plan articulated some outcome-oriented goals and objectives in both program and management areas. However, this plan is not directly linked to resources and does not prioritize or sequence the many ambitious activities listed. More than 65 percent of local departments reported that this strategic plan highly or moderately reflected the goals and priorities of their local department, while nearly 25 percent said the plan minimally or did not reflect their goals.

*Perhaps more important than the plan itself is the structure and process used to create the plan.*

Perhaps more important than the plan itself is the structure and process used to create the plan. A number of committees composed of State DSS and local staff were tasked with identifying goals, objectives, and activities. For example, there is a committee on improving business productivity through automation that defined the system's strategic goals for technology. These committees' State and local composition have the potential to improve the relationship between the State and some local departments, and result in more clarity and agreement around State and local roles, responsibilities, and priorities. However, many local directors are skeptical of this initiative and more time is needed to determine the long-term efficacy of such an approach.

While the existing systemwide strategic plan and the process to create it was an important first step, the recent push for strategic planning by the Council on Virginia's Future and the Department of Planning and Budget is an additional vehicle for identifying priorities, strategies, and resources. Although the State DSS efforts under this initiative could not be assessed due to the timing of this review, it appears that these efforts represent a potential opportunity to:

- Within a shared mission, vision, and set of outcomes, discuss with local departments, other State agencies, and non-profit organizations the appropriate goals and objectives of the social services system;

- Identify the customers and partners of the State DSS;
- Determine the products and services the State DSS will provide to those customers and partners;
- Determine the resources required to provide those services and responsibility at the State and local level for providing those resources; and
- Align the State DSS mission with measurable objectives so that the State DSS can be held accountable.

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### **Chief Operating Officer Position**

In the summer of 2005, the State DSS created a new Chief Operating Officer (COO) position within the organizational structure. The COO is responsible for leading the administrative functions of the State DSS, establishing long-range goals and plans for the system, and serving as the head of the agency in the absence of the commissioner. This new position is intended to improve continuity and reduce the number of offices reporting directly to the commissioner. Prior to the COO position, all divisions and offices in the State DSS organization reported directly to the commissioner's office. If successfully staffed and executed, this new position has the potential to improve continuity even if turnover at the commissioner level continues because it is a non-political, career position and supervises most divisions that undertake management and support functions within the State DSS.

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### **Program Improvement Plan**

To respond to the deficiencies identified in the federal Child and Family Services Review, the State DSS worked with local departments to draft a program improvement plan. This plan appears to be an important step in responding to the increased federal accountability for results in service programs. This plan also appears to include some of the attributes necessary to make more informed resource and management decisions. For example, the funds provided by the General Assembly to partially implement the plan were distributed by the State DSS among local departments based on caseload levels. Overall, however, the plan's usefulness is still plagued by the information gaps discussed in Chapter 5, including the lack of sufficient information on staffing, workload, workload and staffing imbalances, and staff skills and abilities.

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### **Needs-Based Training Curriculum**

The Virginia Commonwealth University's Virginia Institute of Social Services Training Activities (VISSTA) is currently under contract with the State DSS to provide the majority of training to State DSS and local department staff. Despite the chal-

lenges of changing training requirements and a locally-administered system, VISSTA appears to have several initiatives underway that may improve the quality of training available, and more broadly help the system address some of its existing and pending human resource problems. For example:

- A more tailored training curriculum based on the level of experience of local department staff, and the additional training needed to develop or improve skills and abilities required to administer programs.
- An increased focus on management training and succession planning. VISSTA has been developing a succession planning training program through a grant provided by the Annie E. Casey foundation.

In addition to training provided by VISSTA, VCU and other schools of social work provide child welfare stipends to current students to encourage them to work in the government sector upon graduation.

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## **Business Process Transformation Projects**

In January 2005, the State DSS issued a request for proposals for business process re-engineering support and subsequently awarded a \$1 million contract. In the spring and summer of 2005, the contractor and a team of three State and 10 local staff conducted analysis and visited local departments to identify improvements needed in the system's current program processes and information systems. There are three primary products:

- A description and assessment of the current processes and systems local departments use to administer programs, completed in July 2005.
- A description of a future environment based on an assessment of how the current processes and systems can be improved, completed in August 2005.
- A plan to transition from the current to future environments, including an assessment of the differences between the current and future environments and the critical elements that must be in place for the transition to occur. This plan is scheduled to be completed in November 2005.

The team that conducted this work appeared to solicit local participation throughout the process. The team's conclusions are also similar to many of the findings in this report, and appear to describe a future environment that has the potential to be more efficient and effective. However, while this initiative has promise, there are numerous pitfalls, including:

- The programs administered by the system are complex and at times have conflicting program rules and requirements. This complexity, along with the scale and decen-

tralized nature of Virginia's system, make the prospects of building a more uniform process to meet the necessary requirements difficult. The challenges to do so are not technological, but rather programmatic and managerial.

- The narrow interpretation of State DSS supervision and support requirements and perceived limited authority of the State identified in Chapter 7 may make it difficult to mandate standardized business processes to local departments.
- The proposal recommends a separate office for change management, which is counter to the long-held tenet of effective change management that separate offices for such activities typically fail to have the necessary organizational influence and programmatic context and buy-in.

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## **SPECIAL COMMISSION AND LEGISLATIVE INVOLVEMENT ARE NEEDED TO GUIDE COMPREHENSIVE CHANGES**

The comprehensive nature of the changes required and the existence of several State DSS initiatives that may impact the issues raised in this report will require extensive coordination and opportunity for input. Such an approach requires a comprehensive plan, addressing both short-term and long-term perspectives.

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### **Short-Term Progress Requires Creation of Commission or Task Force**

The Governor and the Secretary of Health and Human Resources should play a direct role in addressing the issues identified in this report in order to provide sufficient emphasis on the changes needed. A special commission or task force may be the most appropriate mechanism for developing an improvement plan to implement these changes.

The commission or task force to guide the creation of the improvement plan should have the participation of the Secretary of Health and Human Resources, the Commissioner of DSS, members of the State Board of Social Services, key State DSS staff, local departments of social services, and members of local boards of social services. The commission or task force should also be required to periodically update the legislature on the progress towards addressing this report's recommendations.

A commission or task force is necessary for several reasons. First, no mechanism currently exists in State government that can appropriately facilitate the discussion and analysis necessary to successfully consider and plan the required changes. Second, the insight and perspective of the many stakeholders at the State and local levels will be critical to determining how



to implement the more substantial changes recommended in this report. Additionally, the State DSS has a mixed track record implementing improvement initiatives. Finally, because the State DSS is the object of many of the needed changes, it may not be objective in its assessment of what changes should occur and how to best implement them. A commission or task force can serve as a vehicle for examining needed change that can facilitate the consideration of the perspectives of the relevant stakeholders, provide objectivity, and begin to hold the State DSS accountable for making progress.

The commission or task force should be a relatively short-term group with at least three functions:

1. Provide sufficient attention to the importance of addressing these changes and momentum to making change happen.
2. Help address larger policy issues as needed, including those raised in this report requiring multiple perspectives, such as: how best to improve DSS's strategic management, the role of the State regional structure, how to implement the increased State DSS statutory supervisory and support responsibilities, and how the current process for allocating administrative funds should be modified.
3. Oversee the development of a comprehensive plan to implement the changes called for in this report, and to appropriately integrate as necessary ongoing or pending State DSS initiatives, in particular the business process transformation projects.

**Recommendation 11:** The General Assembly may wish to consider adopting a joint resolution to establish a commission or task force to examine the recommendations in this report and other relevant issues and ongoing improvement initiatives. The commission or task force should then develop a comprehensive improvement plan to address the changes needed. The commission or task force should include the Secretary of Health and Human Resources, the DSS Commissioner, members of the State Board of Social Services, key State DSS staff, directors of local departments of social services, and members of local boards of social services. The General Assembly may wish to consider requiring the commission or task force to regularly report its progress to the Senate Finance and Rehabilitation and Social Services committees and the House Appropriations and Health, Welfare, and Institutions committees. The General Assembly also may wish to consider requiring the commission or task force to present to these committees a plan to complete the necessary changes prior to the 2008 General Assembly session.

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## Long-Term Progress Depends on General Assembly, Executive Branch, and Local-Level Participation and Oversight

Planning to address the necessary changes is challenging, but can be accomplished in a relatively short period of time. Implementing some of the needed changes, however, will be a long-term effort. The sustained attention of the General Assembly while implementing the comprehensive changes will be especially critical. The impact of turnover at the State DSS commissioner level discussed in Chapter 7 highlights the important role of long-term legislative oversight in ensuring continued progress within the system. While several JLARC recommendations in this report specifically call for increased legislative involvement, ongoing oversight will also be necessary at various, key points throughout the process of implementing the comprehensive changes.

Successfully executing plans in an environment as complex as the social services system also requires sustained, continuous support and attention at the highest levels within the executive branch, including the Governor, Health and Human Resources Secretariat, and the State DSS commissioner. Successful implementation of the needed changes will also require the commitment and involvement of State DSS career staff. This is important not only to ensure continuity across changes in administrations and commissioners, but also to build staff-level commitment and make the changes proposed relevant to social service program delivery.

Finally, because Virginia's system is locally-administered, no change effort can be successful without local involvement. Directors at some local departments interviewed for this report expressed frustration with the issues in this report and harbor some resentment toward the State. However, many local directors still appear willing to participate in initiatives that may improve their operations and benefit the system as a whole. This willingness to participate in the reform process will be critical to the long-term success of the change effort.

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# Appendixes

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# Study Mandate

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## HOUSE JOINT RESOLUTION NO. 193

*Directing the Joint Legislative Audit and Review Commission to study the operation and performance of the Commonwealth's social services system. Report.*

Agreed to by the House of Delegates, February 17, 2004

Agreed to by the Senate, March 9, 2004

WHEREAS, vital social services are delivered to citizens of the Commonwealth through a system that includes the Department of Social Services, local departments of social services, and community action agencies; and

WHEREAS, the social services system's strategic plan for State Fiscal Years 2004-2006 states the system's mission as "People helping people triumph over poverty, abuse and neglect to shape strong futures for themselves, their families, and communities," and its vision as "A Commonwealth in which individuals and families have access to adequate, affordable, high quality human/social services that enable them to be the best they can"; and

WHEREAS, having available adequate resources is important to the social services system's ability to ensure that quality services are delivered in a timely manner and to fulfill the system's mission and vision; and

WHEREAS, the Department of Social Services and local departments of social services utilize a number of complex information systems to deliver services to customers, and the need for appropriate interfacing through these systems with other agencies is critical to comprehensive service delivery; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the operation and performance of the Commonwealth's social services system.

In conducting its study, the Joint Legislative Audit and Review Commission shall assess the effectiveness of the social services system as measured by (i) changes in customer self-sufficiency; (ii) the delivery of effective prevention and early intervention services; (iii) the availability of necessary resources to ensure the delivery of quality services in a timely manner; and (iv) the adequacy and effectiveness of information systems, such as the Application Benefit Delivery Automation Project (ADAPT), including the effective coordination of services by the Departments of Social Services, Medical Assistance Services, and Juvenile Justice. The Joint Legislative Audit and Review Commission shall make recommendations based upon the findings of the study to improve the Department's performance for each of these measures.

All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request. The Joint Legislative Audit and Review Commission shall report concerning State Fiscal Year 2005. The Chairman shall report the Commission's findings and recommendations to the Governor, the General Assembly, and the Commissioner of the Department of Social Services by December 31, 2005, and shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2006 Regular Session of the General Assembly. The executive summaries and the documents shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

## Local Department Background Information

The table below provides key background information about each of Virginia's 120 local departments:

- **State DSS Region:** DSS currently has six regions: (e1 = Eastern Area 1; e2 = Eastern Area 2; n1 = Northern Area 1; n2 = Northern Area 2; w1 = Western Area 1; and w2 = Western Area 2).
- **Local Department Class Size:** DSS uses different classifications to categorize local departments by the number of permanent, full-time positions they are authorized to have: (I = fewer than 11; II = 11 – 20; III = 21 – 80; IV = 81 – 160; V = 161 – 360; and VI = 361 or more).
- **Local Department HR Type:** Local departments are allowed to deviate from State human resources policies and procedures. Deviating (dev) local departments use some or all of their local jurisdiction's human resource policies and systems. Non-deviating (non-dev) local departments use all of the State's human resource policies and systems.
- **Total Local Department Expenditures Reimbursed:** The amount of funds reimbursed to each local department in FY 2004. This amount excludes non-reimbursable expenditures.
- **Food Stamp Participants:** The number of food stamp participants served by the local department in FY 2004.
- **Children in Foster Care:** The average number of children in foster care of each local department in 2004.

### Information about Local Departments

Source: State DSS Division of Human Resources Management, and LASER, ADAPT, and OASIS systems.

Local Department	State DSS Region	Class Size	HR Type	Total Expenditures Reimbursed FY 2004	Food Stamp Participants FY 2004	Average Children in Foster Care 2004
Accomack	e1	III	Non-dev	\$3,712,186	3,562	33.92
Albemarle	n2	III	Dev	7,177,715	2,326	106.00
Alleghany / Covington*	w2	III	Non-dev	2,767,542	2,120	39.00
Amelia	e2	II	Non-dev	923,184	783	5.75
Amherst	w2	III	Non-dev	2,162,471	2,403	26.42
Appomattox	w2	II	Non-dev	1,121,346	1,379	5.67
Arlington	n1	IV	Dev	16,633,875	3,984	166.42

<u>Local Department</u>	<u>State DSS Region</u>	<u>Class Size</u>	<u>HR Type</u>	<u>Total Expenditures Reimbursed FY 2004</u>	<u>Food Stamp Participants FY 2004</u>	<u>Average Children in Foster Care 2004</u>
Shenandoah Valley*	n1	IV	Dev	10,147,127	6,374	182.58
Bath	w2	I	Non-dev	443,567	148	4.25
Bedford*	w2	III	Non-dev	5,966,995	3,222	81.58
Bland	w1	I	Non-dev	735,445	418	8.50
Botetourt	w2	II	Non-dev	1,242,633	766	26.25
Brunswick	e1	III	Non-dev	1,877,615	2,320	5.00
Buchanan	w1	III	Non-dev	4,902,039	4,381	88.50
Buckingham	w2	III	Non-dev	1,347,689	1,787	11.75
Campbell	w2	III	Non-dev	4,652,347	4,185	79.67
Caroline	n2	III	Non-dev	2,089,449	2,078	7.50
Carroll	w1	III	Non-dev	2,381,778	3,091	14.50
Charles City	e2	II	Non-dev	844,532	482	3.50
Charlotte	e2	III	Non-dev	1,793,720	1,341	7.17
Chesterfield / Colonial Heights*	n2	V	Dev	13,258,448	10,822	146.33
Clarke	n1	II	Non-dev	1,245,536	322	17.83
Craig	w2	I	Non-dev	483,412	254	14.17
Culpeper	n1	III	Non-dev	5,315,160	1,783	51.83
Cumberland	e2	II	Non-dev	906,346	1,103	10.83
Dickenson	w1	III	Non-dev	3,967,509	2,591	51.00
Dinwiddie	e1	III	Non-dev	2,203,399	2,220	10.75
Essex	e2	II	Non-dev	841,744	1,247	12.00
Fairfax*	n1	VI	Dev	79,456,392	16,495	466.75
Fauquier	n1	III	Dev	3,449,936	1,458	46.25
Floyd	w1	II	Non-dev	1,012,167	995	9.33
Fluvanna	n2	II	Non-dev	1,581,368	601	19.42
Franklin County	w2	III	Non-dev	3,369,009	3,902	63.00
Frederick	n1	III	Non-dev	4,043,898	1,863	53.92
Giles	w1	III	Non-dev	1,267,689	1,300	22.75
Gloucester	e2	III	Dev	2,444,434	1,672	31.17
Goochland	n2	II	Non-dev	1,377,105	585	18.33
Grayson	w1	III	Non-dev	1,488,866	1,792	32.17
Greene	n2	II	Dev	1,299,187	886	15.58
Greensville / Emporia*	e1	III	Non-dev	2,142,007	1,587	12.00
Halifax*	w2	III	Non-dev	3,753,340	4,151	27.17
Hanover	n2	III	Dev	3,976,184	2,247	42.58
Henrico	n2	IV	Dev	18,099,598	11,606	169.25
Henry / Martinsville*	w2	IV	Non-dev	5,406,225	8,193	70.08
Highland	n1	I	Non-dev	264,339	120	1.83
Isle of Wight	e1	III	Non-dev	2,567,565	2,288	22.17
James City	e1	III	Dev	4,456,728	1,814	24.75
King and Queen	e2	I	Non-dev	874,234	652	6.00
King George	n2	II	Non-dev	1,357,740	1,002	19.42
King William	e2	II	Dev	804,906	656	5.33
Lancaster	e2	II	Non-dev	1,088,646	1,142	4.17
Lee	w1	III	Non-dev	4,925,568	4,788	92.83
Loudoun	n1	III	Dev	8,484,403	2,740	50.08
Louisa	n2	III	Dev	2,288,425	1,558	26.00
Lunenburg	e2	II	Non-dev	804,952	1,386	5.92
Madison	n1	II	Non-dev	927,042	525	6.50
Mathews	e2	II	Non-dev	787,200	491	7.58
Mecklenburg	e2	III	Non-dev	2,339,814	2,976	37.42
Middlesex	e2	II	Non-dev	779,031	735	7.42
Montgomery	w1	III	Non-dev	4,662,052	4,041	41.92
Nelson	n2	II	Non-dev	1,009,203	905	10.33

<u>Local Department</u>	State DSS <u>Region</u>	Class <u>Size</u>	<u>HR Type</u>	Total Expenditures	Food Stamp	Average
				Reimbursed <u>FY 2004</u>	Participants <u>FY 2004</u>	Children in Foster Care <u>2004</u>
New Kent	e2	I	Non-dev	792,080	353	11.33
Northampton	e1	III	Non-dev	2,667,396	1,797	25.83
Northumberland	e2	II	Non-dev	1,098,809	921	11.50
Nottoway	e2	II	Non-dev	1,344,702	1,844	11.00
Orange	n2	III	Non-dev	1,888,169	1,305	24.33
Page	n1	III	Non-dev	1,827,502	1,567	24.00
Patrick	w2	III	Non-dev	1,591,765	2,160	18.67
Pittsylvania	w2	III	Non-dev	4,014,336	4,809	26.17
Powhatan	n2	II	Non-dev	1,223,595	451	11.50
Prince Edward	e2	III	Non-dev	1,825,241	1,935	7.58
Prince George	e2	II	Dev	1,572,393	1,156	13.50
Prince William	n1	V	Dev	22,720,201	9,386	192.33
Pulaski	w1	III	Non-dev	3,853,237	3,335	81.25
Rappahannock	n1	II	Non-dev	823,222	136	10.42
Richmond County	e2	II	Non-dev	663,020	714	12.83
Roanoke County*	w2	III	Dev	6,133,168	3,395	103.83
Rockbridge / Buena Vista / Lexington*	w2	III	Non-dev	2,075,452	1,746	29.83
Harrisonburg / Rockingham*	n1	IV	Dev	7,192,617	2,385	177.00
Russell	w1	III	Non-dev	3,259,630	4,299	48.50
Scott	w1	III	Non-dev	2,466,425	2,203	33.08
Shenandoah	n1	III	Non-dev	2,462,690	1,781	25.50
Smyth	w1	III	Non-dev	4,044,036	3,642	37.83
Southampton	e1	III	Non-dev	1,747,046	1,692	3.75
Spotsylvania	n2	III	Dev	5,719,817	3,410	100.25
Stafford	n2	III	Dev	6,137,477	3,043	103.17
Surry	e1	III	Non-dev	1,434,813	541	5.17
Sussex	e1	III	Non-dev	1,702,398	1,096	4.58
Tazewell	w1	III	Non-dev	5,305,828	5,554	134.83
Warren	n1	III	Non-dev	3,210,726	2,024	45.17
Washington	w1	III	Non-dev	4,024,297	3,966	30.75
Westmoreland	e2	III	Non-dev	1,711,755	1,623	12.67
Wise	w1	IV	Non-dev	6,391,478	7,278	108.75
Wythe	w1	III	Non-dev	2,591,339	2,543	31.50
York / Poquoson*	e1	III	Non-dev	4,130,229	1,330	28.67
Alexandria	n1	IV	Dev	21,067,710	4,992	198.50
Bristol	w1	III	Non-dev	2,932,753	2,647	28.00
Charlottesville	n2	IV	Dev	11,678,691	3,751	188.50
Chesapeake	e1	V	Dev	13,332,240	10,708	157.00
Danville	w2	IV	Dev	6,816,068	8,028	63.92
Franklin City	e1	III	Non-dev	1,829,624	1,514	7.00
Fredericksburg	n2	III	Non-dev	3,116,298	2,006	31.92
Galax	w1	II	Non-dev	1,136,860	1,158	4.33
Hampton	e1	V	Dev	15,332,827	11,943	245.58
Hopewell	n2	III	Non-dev	4,041,793	3,823	40.00
Lynchburg	w2	IV	Dev	10,712,920	7,733	189.42
Manassas	n1	III	Dev	2,795,744	1,358	29.42
Manassas Park	n1	II	Dev	1,074,564	371	7.33
Newport News	e1	VI	Dev	28,213,751	18,845	447.33
Norfolk	e1	VI	Dev	42,054,862	29,152	388.83
Norton	w1	II	Non-dev	829,466	805	4.25
Petersburg	n2	IV	Non-dev	8,428,559	6,208	106.83
Portsmouth	e1	V	Dev	18,135,598	12,204	219.00
Radford	w1	II	Non-dev	1,048,689	893	13.17
Richmond City	n2	VI	Dev	54,944,224	30,546	581.17
Roanoke City	w2	V	Dev	16,650,403	12,183	346.67

<u>Local Department</u>	<u>State DSS Region</u>	<u>Class Size</u>	<u>HR Type</u>	<u>Total Expenditures Reimbursed FY 2004</u>	<u>Food Stamp Participants FY 2004</u>	<u>Average Children in Foster Care 2004</u>
Suffolk	e1	IV	Dev	8,193,880	6,899	87.50
Virginia Beach	e1	V	Dev	30,322,126	14,851	305.50
Williamsburg	e1	II	Dev	1,426,665	433	15.92
Winchester	n1	III	Dev	3,094,774	1,695	49.08

\*Denotes consolidated local department.



# Research Issues and Methods

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This appendix summarizes the research issues and methods JLARC staff used during its review of the operation and performance of Virginia's social services system.

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## RESEARCH ISSUES

The study addressed the following six research issues, which are broadly focused on the operations and performance of the social services system:

1. Does the State provide adequate program supervision to facilitate effective and efficient local operation and performance?
2. Do local departments efficiently and effectively administer social services programs?
3. Do funding levels and budget, allocation, and financial management processes adequately support local operation and performance?
4. Does the State provide adequate human resource management support to local departments?
5. To what extent does the social services information system infrastructure facilitate efficient and effective local operation and performance?
6. Does the current structure and allocation of responsibilities optimize the operation and performance of the social services system?

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## RESEARCH METHODS

To address the six research issues, JLARC staff employed a variety of research methods, including quantitative data analysis, interviews, site visits to local departments, and a survey.

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### Quantitative Data Analysis

To provide a statewide context for the team's interviews, JLARC staff collected large amounts of data from a variety of sources. Performance and caseload data were collected from the Divisions of Benefits Programs, Family Services, and Quality Management. Financial reimbursement data for all social services reimbursement categories were collected from the Division of Finance. Human resources information for all

employees of non-deviating local departments were collected from the Division of Human Resource Management. Information about Virginia's localities, such as population, poverty rate, and fiscal stress, was collected from the U.S. Census Bureau, the Commission on Local Government, and University of Virginia's Weldon Cooper Center.

JLARC staff used this information to help select local departments for site visits, characterize statewide and local program performance, and identify funding and staffing trends.

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### **Interviews with State DSS Commissioners, Directors, and Staff**

Throughout the course of this review, JLARC staff met with the State DSS commissioners, key State DSS division directors, and staff in these divisions. These meetings were designed to collect background information about social services programs and the State DSS organizational structure, priorities, and responsibilities. These meetings were also designed to facilitate the collection of information about social service program performance, workload, funding, human resources, and information technology.

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### **Local Department Site Visits and Phone Interviews**

To better understand operational and performance issues at local departments and the impact of the current DSS funds allocation process, JLARC staff made site visits, held meetings, or conducted phone interviews with 27 of the 120 local departments. As shown in the table and figure on the following page, these departments covered all size departments; represented localities with high, low, and medium population density; and all regions of the State.

***Operation and Performance Site Visits.*** The team visited 18 local departments to better understand the factors and characteristics associated with high and low levels of performance. These visits provided insight into the performance levels of local departments and yielded descriptive information about:

- The relationship of local characteristics (local ability to pay, size, region) to performance;
- The relationship of local structures, practices, and other factors (process integration, external partnering, leadership style) to performance;
- Issues related to workload and staffing (caseload change, work-required change, staffing change) and the impact of any imbalances on performance;
- The quality and level of State support (program supervision, budget and financial management, human resources

management, and IT management) and its impact on performance; and

- The availability and contribution of key resources (funding, staffing levels and skills, IT systems) to performance.

To identify local departments that demonstrated both high and low performance in service and benefit programs, the team used quality and timeliness data maintained by the State DSS, including the following:

- Percentage of children in foster care that were adopted in each locality for 2004,
- Average time children spent in foster care in each locality for 2004,
- Percentage of eligible people in each locality receiving food stamps,
- Percentage of TANF recipients that are employed at least three months after their first employment date, and
- Percentage of Medicaid applications processed within the 45-day time limit.

### Classification and Population Density of Departments Included in JLARC Site Visits, Meetings, and Phone Interviews

Source: JLARC staff analysis.

<u>Local Department</u>	<u>Classification</u>						<u>Population Density</u>		
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	<u>VI</u>	<u>High</u>	<u>Low</u>	<u>Medium</u>
Arlington				X			X		
Bristol			X				X		
Campbell			X					X	
Charlottesville			X				X		
Chesterfield / Colonial Heights					X				X
Clarke		X						X	
Craig	X							X	
Fairfax						X			X
Franklin City			X				X		
Harrisonburg / Rockingham				X					X
Henrico				X					X
Henry / Martinsville				X					X
King William		X						X	
Lee			X					X	
Lynchburg				X			X		
Madison		X						X	
Northampton			X					X	
Northumberland		X						X	
Patrick			X					X	
Prince William					X				X
York / Poquoson			X					X	
Richmond County		X						X	
Richmond City						X	X		
Roanoke City					X		X		
Shenandoah Valley (Augusta / Staunton / Waynesboro)				X					X
Surry			X					X	
Virginia Beach					X		X		



**Funds Allocation Process Site Visits.** Another purpose of JLARC staff site visits was to better understand the impact, if any, of the DSS funds allocation process. The purpose of these visits was to learn about the following:

- Perceived equity and adequacy of the current funds allocation process (caseload levels and funding);
- Impact of current funding levels and processes on both mandated and non-mandated programs (service quality and timeliness for mandated programs, reduced or eliminated services for non-mandated programs); and
- Impact of current funding levels and processes on local government (relationship with local board and local government).

To identify local departments to visit, the team obtained the following data from the Weldon Cooper Center, the Auditor of Public Accounts, DSS systems, and the Commission on Local Government:

- Local characteristics including changes in population, population density, those not speaking English well, poverty, high-school graduation rates, and single female heads of household between 1990 and 2000;
- Indicators of local social services priority, including local funding provided to each department as a percentage of the total local government budget in 2004, and local per capita spending on social services; and
- Local ability to pay indicators that determine the extent to which a local government could potentially raise additional revenue to provide funding to the local departments of social services as needed.

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## Local Department Survey

Because JLARC staff could not visit all 120 local departments, a survey was administered to all local departments. The survey was administered between June and July 2005 using web-based survey software. Of the 120 local departments, 97, or more than 80 percent, responded to the survey. There were no patterns in the size or geographic location of the non-respondents.

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## Other Research Methods

In addition to the above research methods, JLARC staff also conducted interviews with members of the State Board of Social Services; officials from other State agencies such as the Department of Medical Assistance Services; Community Action Agencies; and other non-profit organizations. JLARC staff also collected information about other states' social services programs and conducted phone interviews with officials from

North Carolina, Maryland, Pennsylvania, Ohio, and Colorado. Staff also reviewed social services and management literature and secondary research and attended ongoing meetings of several standing IT committees.

Appendix **D**

# Glossary of Acronyms

<u>Acronym</u>	<u>Definition</u>
ACF	
ADAPT	Application Benefit Delivery Automation Project
ASAPS	Adult Services/Adult Protective Services
APECS	Automated Program to Enforce Child Support
CMS	Centers for Medicare and Medicaid Services
COO	Chief Operating Officer
CFSR	Child and Family Services Review
CPS	Child Protective Services
CSB	Community Services Board
DHRM	State DSS Division of Human Resources Management
DMAS	Department of Medical Assistance Services
DMS	Database Management System
DPB	Department of Planning and Budget
DSS	State Department of Social Services
EAS	Energy Assistance System
FAMIS	Family Access to Medical Insurance Security Plan
FSCTS	Food Stamp Claim Tracking System
FPL	Federal Poverty Level
FTE	Full Time Equivalent
HHS	Department of Health and Human Services
HJR	House Joint Resolution
IEVS	Income Eligibility Verification System
ISSDS	Integrated Social Services Delivery System
IT	Information Technology
ITIM	Information Technology Investment Management
LASER	Locality Automated System for Expenditure Reimbursement
LETS	Local Employee Tracking System
LDAP	Lightweight Directory Access Protocol
MEDPEND	Medicaid Pending Application System
MMIS	Medicaid Management Information System
OASIS	Online Automated Services Information System
ODBC	Open Database Connectivity
PIP	Program Improvement Plan
PPEA	Public-Private Education and Infrastructure Act
RFP	Request for Proposal
RTIP	Recommended Technology Investment Projects
SACWIS	Statewide Automated Child Welfare Information Systems
SDX	State Data Exchange
SPIDER	Systems Partnering in a Demographic Repository
TANF	Temporary Assistance for Needy Families
USDA	United States Department of Agriculture
VACIS	Virginia Client Information System
VIEW	Virginia Initiative for Employment, Not Welfare
VISSTA	Virginia Institute of Social Services Training Activities
VITA	Virginia Information Technologies Agency
VLSSE	Virginia League of Social Services Executives





# E

## Agency Response

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As a part of the extensive validation process, State agencies and other entities involved in a JLARC assessment effort are given the opportunity to comment on an exposure draft of the report. Appropriate technical corrections resulting from comments provided by these entities have been made in this version of the report. This appendix includes the written response of the Virginia Department of Social Services.

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# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF SOCIAL SERVICES

October 4, 2005

Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Richmond, VA 23219

Dear Mr. Leone:

The following are comments of the Virginia Department of Social Services (VDSS) related to the finding and recommendations of the Joint Legislative Audit and Review Commission (JLARC) staff resulting from its review of the operation and performance of the Virginia Social Services System (VSSS). We found the review to be accurate and thorough and commend your staff for grasping the complexity of the VDSS and VSSS in a relatively short period of time.

The current operations and performance of the VSSS are a function of a culture and processes that have evolved over several decades. We concur with JLARC staff's findings that point out several areas where improvements can be made, both at the state and local levels. JLARC staff's recommendations constitute a positive approach to those improvements. Independent of those recommendations, all of the partners in the VSSS, i.e. the State Board of Social Services, the VDSS, local departments of social services (LDSS) and the many community and volunteer services agencies have, over the past couple of years, begun to take positive and proactive steps to change the culture and increase the performance of the VSSS consistent with the vision of the Council on Virginia's Future. I would like to focus JLARC's attention on several of those initiatives:

### Strategic Planning

VDSS has initiated a vibrant and ambitious strategic planning process that is linked to both the work of the Council on Virginia's Future and the Administration's performance management process. The process will not only result in a strategic plan for the VDSS, but also for the entire VSSS. All of the VSSS partners are taking an active role in the process so that the vested interests of all of the partners are served through the goals and objectives of the plan.

### Process Improvements

There are two major process improvement initiatives that are worthy of note by the JLARC members, both of which were mentioned in the Exposure Draft. The first initiative is a project referred to as Business Process Reengineering (BPR), which is being carried out by a team of individuals from both the VDSS and the LDSS. The first step in BPR was the development of an "as is" model that describes, in detail, the current status of all of the statewide social services delivery processes. Upon completion and acceptance of the "as is" model, the project team developed a futuristic "to be" model for human service delivery throughout the Commonwealth. The details of the "to be" model will be released later this month. A final step in the BPR project will be a change management plan for implementation of the "to be" model. Again, I emphasize that the BPR is a joint state and local effort that has been communicated widely across the Commonwealth in group meetings so that all of the partners within the VSSS would have an opportunity for input.

The second initiative is the preliminary planning for an Integrated Social Services Delivery System (ISSDS). This multi-year project is expected to culminate in a fully integrated service delivery and management information system that will enhance service delivery across the entire VSSS consistent with the "to be" model resulting from the BPR effort. Again, VDSS and LDSS are partnering in the design of the ISSDS. Like many other organizations, the data systems in use across the VSSS have been developed over time and often do not provide a mechanism to share information. Several of the recommendations of JLARC staff related to management reporting and information sharing among the VDSS and LDSS will be more difficult to implement in the absence of an integrated management information system. VDSS will, however, make every effort to implement those recommendations in our current environment as we move forward with design of the ISSDS within the context of comments in the Exposure Draft and recent recommendations by the Auditor of Public Accounts.

### Organization

JLARC staff has pointed out several organizational issues that have affected the VDSS' performance over the years. One such issue has been a continuity of leadership and frequent turnover at the Commissioner level. The Administration has taken steps to provide for continuity by establishing a classified position, i.e. a position not subject to gubernatorial appointment, of Chief Operating Officer. The existence of the COO also has provided a more efficient span of control structure within the Commissioner's Office by having the program and service activities report directly to the Commissioner while all of the internal operations and business activities report directly to the COO, who reports to the Commissioner.

Consistent with the strategic planning effort and with the JLARC staff's observations concerning the agency's research capabilities, there is being established within the Office of the Commissioner a Division of Planning and Research that will be responsible for implementation and monitoring of the VSSS strategic plan, research, performance and

quality management, change management related to BPR, and emergency services management.

In addition, a second new organizational unit, the Division of Community and Volunteer Services is being established. JLARC staff has recognized the value of community and volunteer organizations in its assessment of service delivery at the local level. Staff did, however, fail to mention that there exists a relationship between those organizations and the VDSS. This new division will not only assist the LDSS in developing their relationships with community and volunteer organizations, but will also leverage the VDSS' relationship with those organizations to provide more comprehensive services to clients.

Having now provided JLARC with the context of the future of the VSSS, we will comment on the specific recommendations contained in the staff's report.

**Recommendation 1: The State Department of Social Services should provide a financial statement annually to each local department, each local government, and the public. The financial statement should show both program and administrative costs for services attributed to that locality. The financial statement should also reflect what portion of the costs are paid by the federal, State, and local governments and how those portions compare to the statewide percentages.**

*VDSS concurs with the JLARC staff recommendation and will begin a process to modify its financial reporting systems to produce the recommended financial statement as soon as practicable, but no later than FY07.*

*Such a statement will address several issues in this area that will improve management reporting and communications across the VSSS.*

- 1. Currently, similar statements are available to each locality on a preliminary year-end basis. A final statement will reflect any changes in the mix of federal, state, and local expenditures made at the central office (VDSS) level, which otherwise are not currently visible at the local level.*
- 2. An official statement with defined recipients will help guarantee a common level of knowledge among the various interested parties.*
- 3. VDSS can currently only report local expenditures to the extent reported to the agency. This financial statement should provide an incentive for full reporting for LDSS.*

**Recommendation 2: The current prior-year funding methodology used by the Department of Social Services to allocate administrative funds should be replaced with an administrative funds allocation methodology based on factors such as caseload and local ability to pay.**

*VDSS concurs with the need to examine the funding methodology used to allocate administrative funds to LDSS. This, however, is a complex issue. Historically, there has been a reluctance to re-distribute administrative funding based on caseload or any other criteria without a hold harmless provision for those LDSS that would otherwise lose funds. A hold harmless provision would, in all likelihood require an infusion of new funds from other than local sources.*

*Funding based on caseload and ability to pay may not be a solution to the disparities mentioned in the Exposure Draft in all cases.*

*Localities are required to use pass-through funds to pay for the portion of salaries in excess of the state-board approved local salary scale. This would account for a significant portion of pass-through funds being used in some localities.*

*Cost of operation is much different among the various localities and regions of the state. Hence a distribution based on caseload may not guarantee an equitable level of staff and other resources. In many cases, ability to pay and workload may tend to offset one another. Higher growth suburban localities that have experienced an increasing percentage of caseload over the last 10-15 years are, in many cases, the same localities that tend to have the greater capacity to pay.*

*As stated earlier, VDSS will examine alternative methods to allocate funds to LDSS. This will be done in conjunction with its local partners to assure that the interests of all affected parties are considered. Where appropriate, changes will be made as soon as practicable.*

**Recommendation 3: The General Assembly may wish to consider requiring the State Department of Social Services to improve its ability to measure local workload (both caseload and the nature of casework) and create and maintain agreed-upon target caseload standards for each program area. The State Department of Social Services should make this information readily available to local departments on an ongoing, updated basis through an automated system to support local management of staff resources.**

*VDSS has no objection to the JLARC staff recommendation and will include responsibility for implementing the recommendation in the responsibilities of the new Division of Planning and Research as part of its performance management function. We expect the new Division to be operational before the end of calendar year 2005.*

**Recommendation 4: The State Department of Social Services should provide more targeted human resource support to non-deviating departments. This support should include (a) helping local departments experiencing significantly high retention and recruiting difficulties and (b) facilitating the management of pending retirement transitions at local departments.**

*VDSS recently employed a new Director of Human Resource Management to replace the individual who had served in an acting capacity for over two years. The new Director is currently assessing staff and other resources to improve service both within the Department and to local departments. She has identified recruitment and retention as a priority. VDSS concurs with the staff recommendation and the Director will include implementation of the recommendation in her assessment and resulting action plan.*

**Recommendation 5: The General Assembly may wish to consider requiring regular reports on the ISSDS initiative to the Senate Finance and House Appropriations Committees.**

*VDSS has no objection to the staff recommendation and welcomes the opportunity to report on the progress of the ISSDS and other initiatives to committees of the General Assembly.*

**Recommendation 6: The Chief Information Officer of the Commonwealth and the VITA Project Management Division should increase their oversight of the planning and development of the ISSDS initiative. Updates on the status of this initiative should be regularly provided to the State's Information Technology Investment Board.**

*VDSS has no objection to the staff recommendation and has worked with the CIO, VITA and the Investment Board in the planning that has taken place to date on the ISSDS.*

**Recommendation 7: The State Department of Social Services should improve its strategic management capabilities. The improvements should at a minimum include (a) collecting from and providing to local departments information that supports improved decision-making; (b) enhancing the State DSS ability to conduct analysis to identify trends and improvement opportunities; and (c) more directly coordinating with other State agencies.**

*VDSS concurs with the staff recommendation and is taking the initial steps to implement the recommendation by establishing the Division of Planning and Research that is mentioned earlier in this response. VDSS anticipates that it will have the Division operational by the end of calendar year 2005.*

**Recommendation 8:** The Department of Social Services should evaluate the purposes for and benefits of having a regional structure. If it is determined that a regional structure should be maintained, then one should be developed that will serve expressly identified purposes. The criteria for the evaluation should include the extent to which a regional structure improves State DSS supervision and support.

*VDSS concurs with the staff recommendation and will evaluate returning to a regional structure. We understand that the "to be" model resulting from the BPR process will also recommend and support a regional structure, although it will not define what form that structure should take. VDSS will include its local partners in its evaluation and will complete that evaluation so that any additional funding for returning to a regional structure can be incorporated into the Department's FY08 budget amendments.*

**Recommendation 9:** The General Assembly may wish to amend § 63.2-203 of the Code of Virginia to define specific supervisory responsibilities that the commissioner and Department of Social Services must assume. These responsibilities should include: (a) providing local departments with accurate and timely policy advice and guidance; (b) communicating about relevant federal and State policies and developments; (c) conducting ongoing oversight of local department operations and performance; and (d) ensuring, to the extent possible, that Virginia's citizens entitled to social services receive efficient and effective service from local departments.

*VDSS has no objection to the staff recommendation; however, VDSS does urge the General Assembly to provide a level of authority to the commissioner and Department commensurate with the staff's recommended supervisory responsibilities should it accept staff's recommendation.*

**Recommendation 10:** The General Assembly may wish to amend §63.2-204 of the Code of Virginia to define specific support responsibilities that the commissioner and Department of Social Services must assume. These specific responsibilities should include: (a) providing to and collecting from local departments financial, human resource, and program information necessary to support effective State and local decision-making; (b) proactively identifying opportunities for performance improvement and/or corrective action at local departments; (c) facilitating local program administration; (d) providing guidance, support, and resources to the extent possible to maintain and improve performance at local departments; and (e) providing recruiting, retention, and other human resources management support to local departments.

*VDSS has no objection to the staff recommendation; however, VDSS does urge the General Assembly to provide a level of authority to the commissioner and Department commensurate with the staff's recommended supervisory responsibilities should it accept staff's recommendation.*

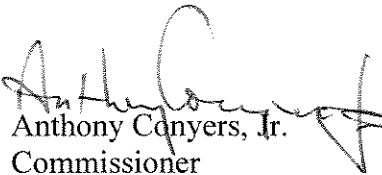


**Recommendation 11: The General Assembly may wish to consider adopting a joint resolution requesting the Governor or Secretary of Health and Human Resources to establish a commission or task force to examine the recommendations in this report and other relevant issues and ongoing improvement initiatives. The commission or task force should then develop a comprehensive improvement plan to address the changes needed. The commission or task force should include the Secretary of Health and Human Resources, the DSS Commissioner, members of the State Board of Social Services, key DSS staff, directors of local departments of social services, and members of local boards of social services. The General Assembly may wish to consider requiring the commission or task force to regularly report its progress to the Senate Finance and Rehabilitation and Social Services committees and the House Appropriations and Health, Welfare, and Institutions committees. The General Assembly also may wish to consider requiring the commission or task force to present to these committees a plan to complete the necessary changes prior to the 2008 General Assembly session.**

*VDSS has no objection to the staff recommendation; however, a mechanism is currently in place, i.e. the VSSS Strategic Planning Steering Committee, that could perform the functions recommended by the staff. VDSS and its partners in the VSSS envision a continuous quality improvement process that transcends General Assembly sessions, biennia and gubernatorial terms. That process is envisioned to continue regardless of the General Assembly's actions related to this staff recommendation.*

In closing, let me emphasize that we view the staff's report and recommendations as one of many positive steps that are necessary now and in the future to change the culture and nature of human service delivery in the Commonwealth. If you, your staff or any of the members of JLARC have questions, I am available to discuss them.

Sincerely,

  
Anthony Canyers, Jr.  
Commissioner

c: The Honorable Jane H. Woods



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