



# COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

October 15, 2013

## MEMORANDUM

**TO:** Honorable Robert F. McDonnell  
Governor of Virginia  
  
General Assembly of Virginia

**FROM:** Margaret Ross Schultze, Commissioner

**SUBJECT:** Child Care Automation Annual Report

A handwritten signature in black ink, appearing to read "Margaret Ross Schultze", written over the printed name of the Commissioner.

I am pleased to submit the Department of Social Services' report on the progress toward a comprehensive automated system to support the Child Care Program prepared pursuant to Item 337 (L) of the 2013 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

MRS:kc

A report of the  
Department of Social Services  
Commonwealth of Virginia

## **Child Care Assistance Automation**

to the Governor and the  
General Assembly of Virginia

October 2013

## Preface

This report is submitted pursuant to Item 337 L of the 2013 Appropriation Act, (Appendix A) which states:

It is the intent of the General Assembly that the Department of Social Services automate child care assistance programs. The Department shall report to the Governor and the General Assembly by October 15 of each year regarding the status of the automation, system adequacy, and needed action.

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# Child Care Assistance Automation

## Executive Summary

The Department of Social Services (DSS) developed a comprehensive automated system for the Child Care Subsidy Program (Program) that allows Virginia to meet federal mandates more efficiently, provide greater accuracy in payments to vendors, and improve overall program management. The new system assists local departments of social services (LDSS) with determining eligibility and management of caseloads; timely provision of services to families; accurate data regarding children and families served; timely and more accurate payments to vendors, direct costs associated with child care, analysis of encumbrances and expenditures; and the assessment of unmet child care needs.

Progress towards an automated child care system was made, as evidenced by the following:

- Selection of a vendor in February 2010 to implement a comprehensive automated child care case management system, based on transfer systems from other states;
- Signing of a Statement of Work with a vendor to provide a time and attendance tracking system;
- Creation of a users' group of state and local staff to articulate business processes, validate requirements, assist in design, and testing of the system functionality;
- Development of the Virginia Case Management System (VaCMS), the Electronic Child Care system (ECC), the Third Party Reconciliation (TPR) system, and an interface with the DSS Division of Licensing Programs tracking system;
- Pilot implementation of six local departments on August 10, 2012; and
- Statewide implementation of VaCMS and ECC completed August 2012.

The time-limited funding made available through the American Recovery and Reinvestment Act (ARRA) was used to develop and implement the VaCMS project, which provides case management, vendor management, and financial management components. The Program became fully automated when Fairfax County converted to VaCMS in June 2012 and implemented ECC in August 2012. In 2013, the Program worked with the automated system vendors to implement several enhancements for VaCMS and ECC. Beginning October 1, 2013, the Medicaid Program goes live in VaCMS Production as part of Phase I of the Eligibility Modernization Project, completing the first step towards an enterprise system.

# Child Care Assistance Automation

## Background

The Child Care Subsidy Program (Program) is one of the larger assistance programs administered by the Department of Social Services (DSS). More than 43,000 children received child care assistance in State Fiscal Year (SFY) 2013. The Program has grown significantly over the past decade. Expenditures were \$100 million in SFY 13. Over the past three years, DSS developed and implemented a comprehensive automated system for the Program. The Virginia Case Management System (VaCMS) and the Electronic Child Care (ECC) system together provide a comprehensive system to support the Program and provide timely program data in an efficient manner. The ECC provides accurate time and attendance data upon which payments to child care vendors are calculated.

Prior to implementation of the VaCMS, client information and expenditure data for the Program were accessed through various systems, including the Virginia Client Information System (VACIS) and the Interim Child Care System (ICCS). Implemented in 1982, VACIS maintained current case and client information without retaining case history. Expenditure data and counts of children and families served were stored in the ICCS, which is MAPPER-based and has been in production for many years. The VaCMS replaces the VACIS and ICCS.

The DSS executed a contract with Deloitte Consulting, LLP in February 2010, to develop a comprehensive automated child care system. The system, based on transfer eligibility systems from other states, has been customized for Virginia's needs. The VaCMS provides the following essential functionality:

- Eligibility determination
- On-going case management
- Allocation/fiscal management, including payment calculations
- Reports and forms
- Wait list management
- Vendor management

In June 2010, a Statement of Work was signed with Affiliated Computer Service, Inc. (ACS), now a Xerox Corporation, to provide electronic child care (ECC) services to track time and attendance information for child care subsidy recipients. ACS is also the DSS service vendor for Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance to Needy Families. The ECC component interfaces with the case management system to create a payment and financial system for authorized services. This automated payment system allows for more accurate and timely payments to child care providers.

Information systems staff from DSS developed the Third Party Reconciliation (TPR) program to assure that payments calculated by the VaCMS reconcile with the time and attendance recorded in ECC.

An interface was created with DOLPHIN, the Division of Licensing Programs system that records approvals of licensed and registered child care providers. This interface provides timely information on the legal operating status of many providers who participate as vendors for the Child Care Program.

One additional benefit of the automated system is the submission of online applications for DSS customers through CommonHelp. Families are able to file applications electronically, reducing the need for paper applications and providing families with the opportunity to submit applications from home, work, a public library, or wherever internet is accessible.

Finally, with the automation of the program, local departments of social services (LDSS) are relieved of the responsibility of issuing payments to child care vendors, as payments are made via direct deposit to vendors' bank accounts through the state system twice a month. Vendors who cannot obtain bank accounts are issued debit cards on which payments are loaded according to the same payment schedule as direct deposits.

## Developments in FY2012

In 2012, the following changes/enhancements to the systems were implemented:

- The Business Process Change workgroup reviewed system processes to help inform program guidance,
- Local and state staff developed and tested approximately 1000 test scripts on VaCMS and ECC, and
- The VaCMS was piloted and rolled out statewide.

## Developments in FY2013

In August 2012, state and local Program users met with the automated system vendor to discuss a list of enhancements identified for the VaCMS. The enhancements were prioritized based on the technical level required to make the change to the system and the impact to the LDSS. Any new functionality that proposed streamlining a process currently performed by local child care workers received a high priority while "cosmetic" changes such as a screen display were considered low priority. A final list of enhancements was approved by the Program in December 2012 and implemented by June 2013.

The decision of when to implement the enhancements was based on the level of effort required by the vendor to modify the system. Three deployments were scheduled over a five month period, with the first one to include minor modifications to the system and the last one to include the most complex changes. The enhancements were grouped as "bundles" and deployed into the VaCMS Production on the scheduled dates:

- Bundle One-January 2013. New fields were added to screens, new table values were added to dropdown lists, and text changes were made to some screens.

- Bundle Two-April 2013. Information submitted from CommonHelp applications pre-populate, screens were added and changes were made to monthly expenditure reports and system access.
- Bundle Three-May 2013. Fiscal year processes were streamlined by automatically rolling active authorizations over from one year to the next year

In addition to the changes to the VaCMS, two major enhancements have been approved by the Program for ECC: Payment Drilldown and Reject Payments. The Payment Drilldown, scheduled for release in August 2013, will display the days of attendance paid, by service month, for a child included in a vendor payment. This information will be available to all active child care vendors through the ECC Vendor Web Portal located on the public website and can be used as a resource tool by the vendor to reconcile attendance records.

The Reject Payment enhancement, scheduled to be deployed into production in February 2014, automates the manual process currently in place to handle returned vendor payments, due to inaccurate banking information or account closures. This project is currently in the design phase.

In June 2013, the Program arranged for Xerox to ship training Point of Sale devices to all of the LDSS. Local child care workers can now demonstrate to parents how to record attendance with an ECC card using a POS device. The Program is researching the possibility of issuing ECC cards through the LDSS.

## The Future

Effective October 1, 2013, the Medicaid Program will begin operating in VaCMS Production as part of Phase I of the Eligibility Modernization Project. The SNAP, Temporary Assistance for Needy Families, and Energy Assistance programs are included in Phase II and scheduled to go live in VaCMS in 2015. State and local child care subject matter experts have been involved in the design sessions and will participate in user acceptance testing to ensure that the implementation of new programs into VaCMS does not impact the continuity of system operations for child care.

In Federal Fiscal Year 2014, the Program will begin full statistical program reporting through VaCMS, which will eliminate the need to sample local department case records each month to meet federal reporting requirements. Enhancements to the 1099 federal tax reporting process are also scheduled to be implemented this fiscal year.

## Funding

The project was funded using a combination of American Recovery and Reinvestment Act funds and Child Care and Development Fund (CCDF) Discretionary Funds. The VaCMS was implemented at a cost of \$15.3 million. This automation initiative has already begun to provide better case management, vendor management, and financial management components.



Funds from the CCDF block grant were used to implement the ECC components and necessary system enhancements.

## Conclusion

As one of the larger assistance programs in DSS, the Child Care Subsidy Program has implemented a comprehensive system that provides case management, time and attendance tracking and vendor payments. Additionally, statistical information regarding the number of children and families receiving subsidy payments and expenditure data is more readily accessible to DSS and LDSS to assist with funds management, vendor oversight, and reporting. In October 2013, the first step towards an enterprise system will be accomplished with the implementation of the Medicaid Program into VaCMS Production.

# Appendix A

## Report Mandate

Item 337 L of the 2013 Appropriation Act provides:

It is the intent of the General Assembly that the Department of Social Services automate child care assistance programs. The Department shall report to the Governor and the General Assembly by October 15 of each year regarding the status of the automation, system adequacy, and needed action.