

**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



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

**Staff Briefing
Justin Brown
October 11, 2005**

Staff for this Study

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Hal Greer, Division Chief

Justin Brown, Project Leader

Jason Powell

Christine Wolfe

Jennifer Jenkins

Jenny Breidenbaugh

Presentation Outline

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- Background**
- Local Operations and Performance**
- Funding, Human Resources, and IT**
- State DSS Supervision and Support**
- Summary**

Study Mandate and Issues

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- **House Joint Resolution 193 passed by 2004 General Assembly directed JLARC staff to study the operation and performance of the Commonwealth's social services system**

- **Study examined**
 - **State supervision and support**
 - **Local operations and performance**
 - **Administrative funding, human resources, and information technology**

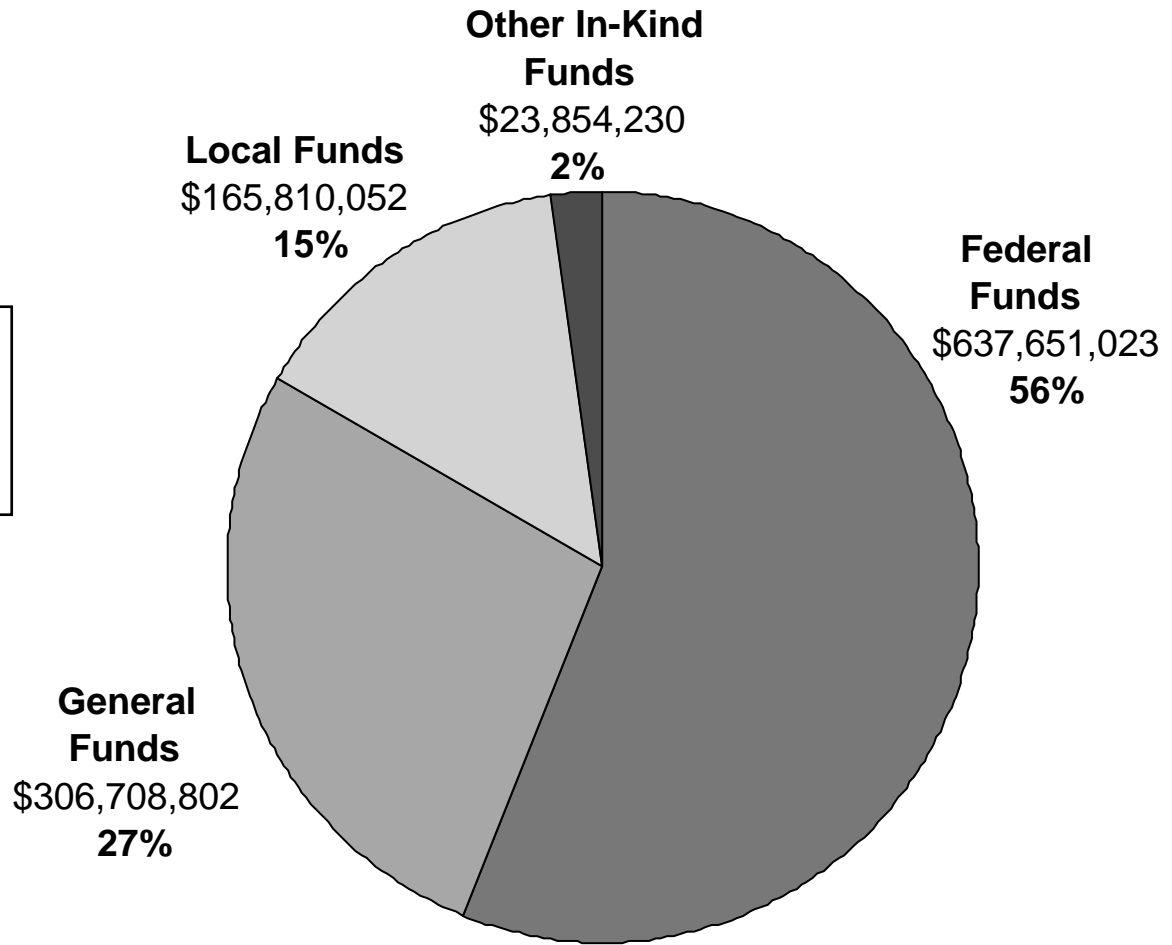
Virginia's Social Services System

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- **State-supervised, locally-administered**
- **State Department of Social Services (DSS) supervises 120 local departments**
- **Local departments administer most programs**
 - **Determine eligibility for benefit programs, such as food stamp and Medicaid**
 - **Provide services, support, and protection, such as foster care and adult services**

FY 2005 System Funding

\$1.14 Billion
(excluding child support enforcement and licensing)



Caseloads and Program Funds Have Increased Since 2000

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- **Caseloads for nearly all major locally-administered programs have increased**
 - Food stamp caseload is up 29%
 - Adoption caseload is up 80%

- **Funding for nearly all major locally-administered programs has also increased**
 - Medicaid funding is up 44%
 - Foster care funding is up 83%

Program Performance Is Mixed

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■ Benefit program performance varies

- Food stamp participation rate of 74.8% is below State target of 80%
- Food stamp application processing timeliness of 98.8% is above State target of 97%

■ Service program performance varies also

- Adoption rate of 20.3% during first two years in foster care is below federal requirement of 32%
- Child maltreatment recurrence rate of 1.8% is better than federal requirement of 6.1% or less

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Local Administration is Strength of System

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- **Local departments have operational flexibility to meet local needs**
 - Tailor program strategies
 - Organize their operations and structures

- **Local departments develop important working relationships**
 - Local courts, schools, and other government organizations
 - Non-profits, churches, and other local organizations

Some Local Departments Lack Resources and Capabilities

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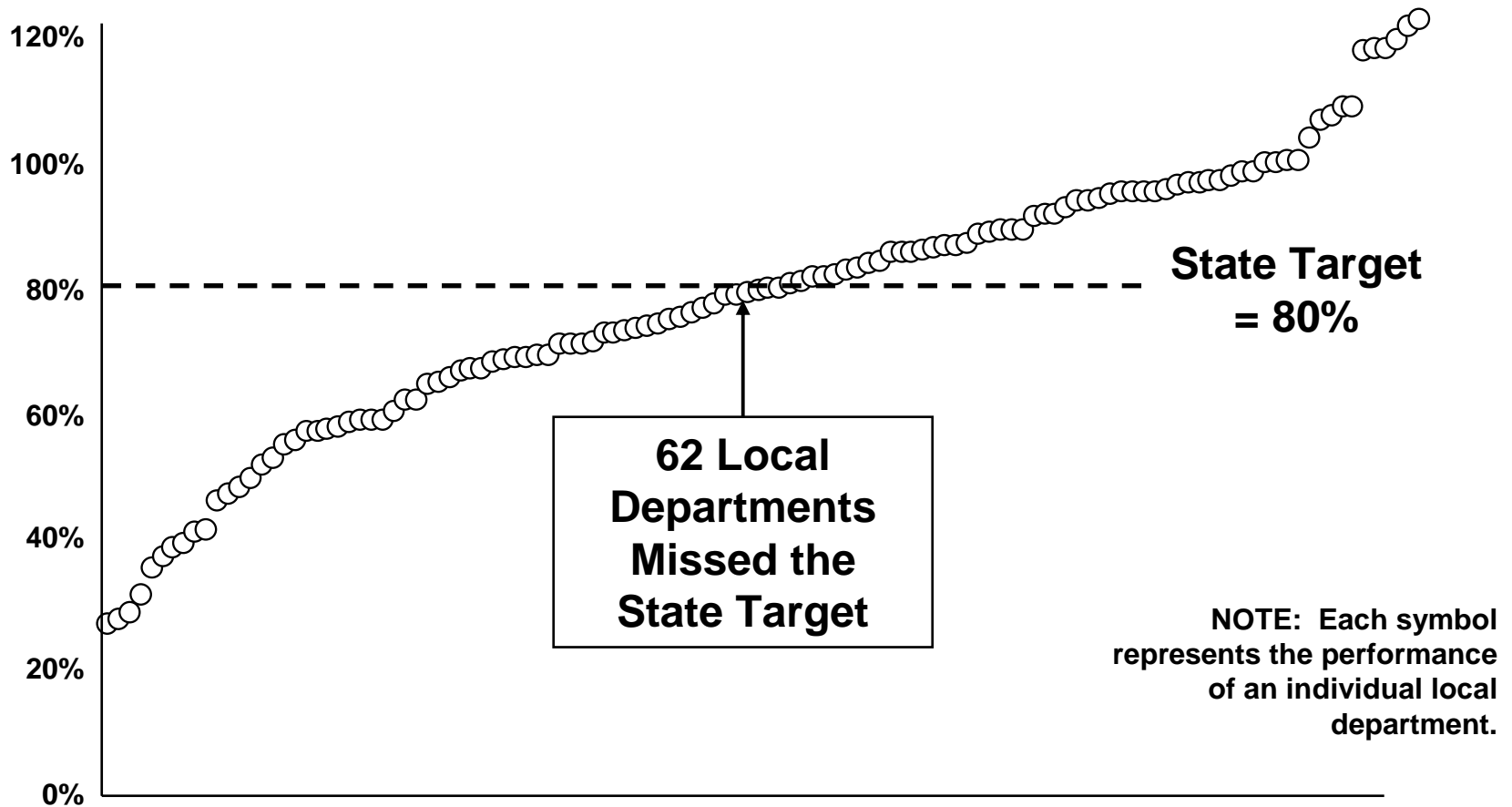
- **Funding** - Some departments have difficulty raising additional funds for staffing or other expenses
- **Staffing** - Some directors and staff lack experience and expertise to effectively navigate the system
- **Planning and Management** - Some departments operate in a reactive, ad-hoc manner
- **Coordination** - Many rural departments have limited opportunities to coordinate with other organizations

Some Local Departments Struggle to Perform

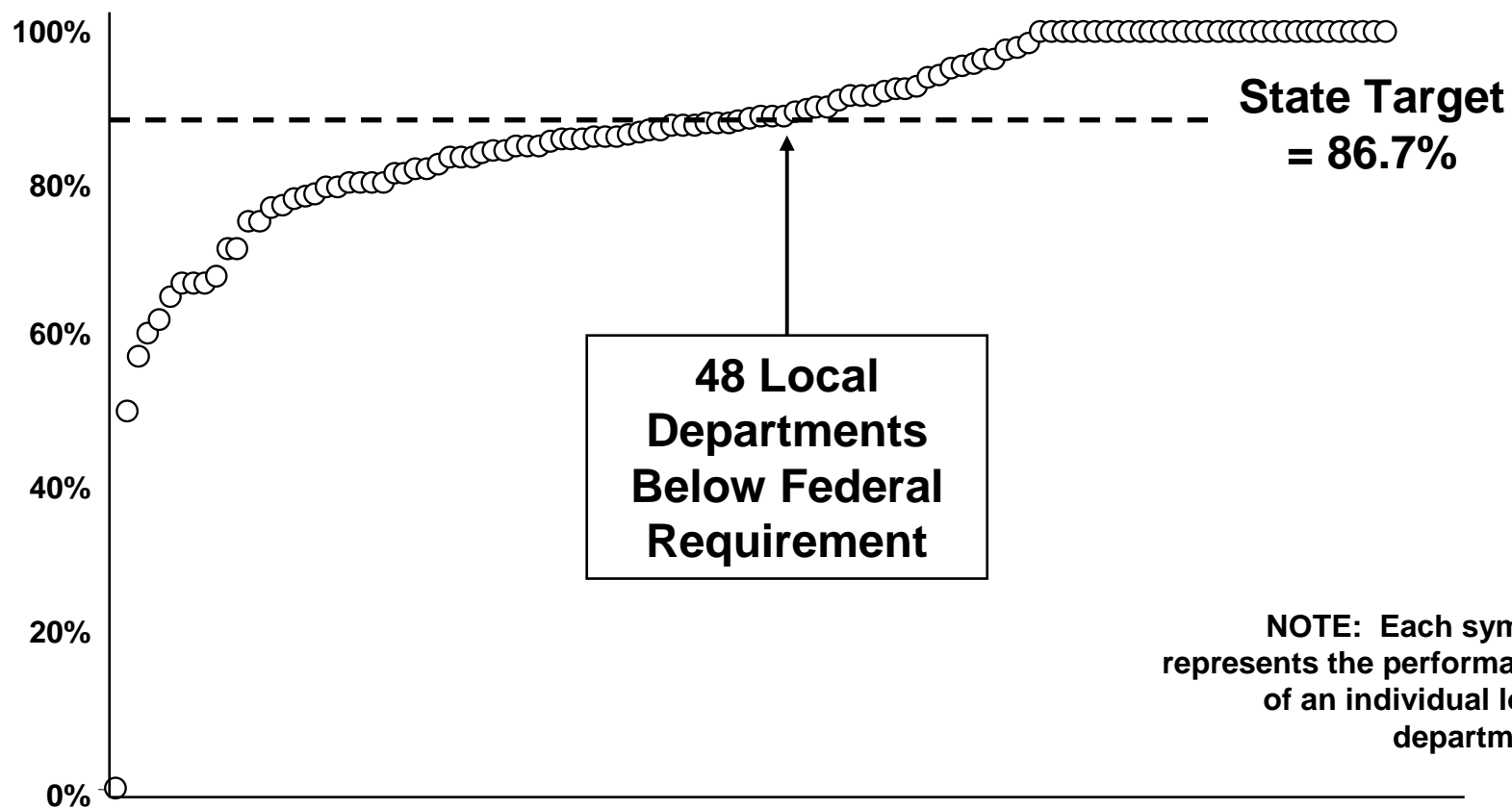
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- **12 departments were at least 15% below the State target or federal requirement on three or more performance measures**
- **Departments also struggle in individual measures of both benefit and service program performance**

Food Stamp Participation



Stability During First Year of Foster Care



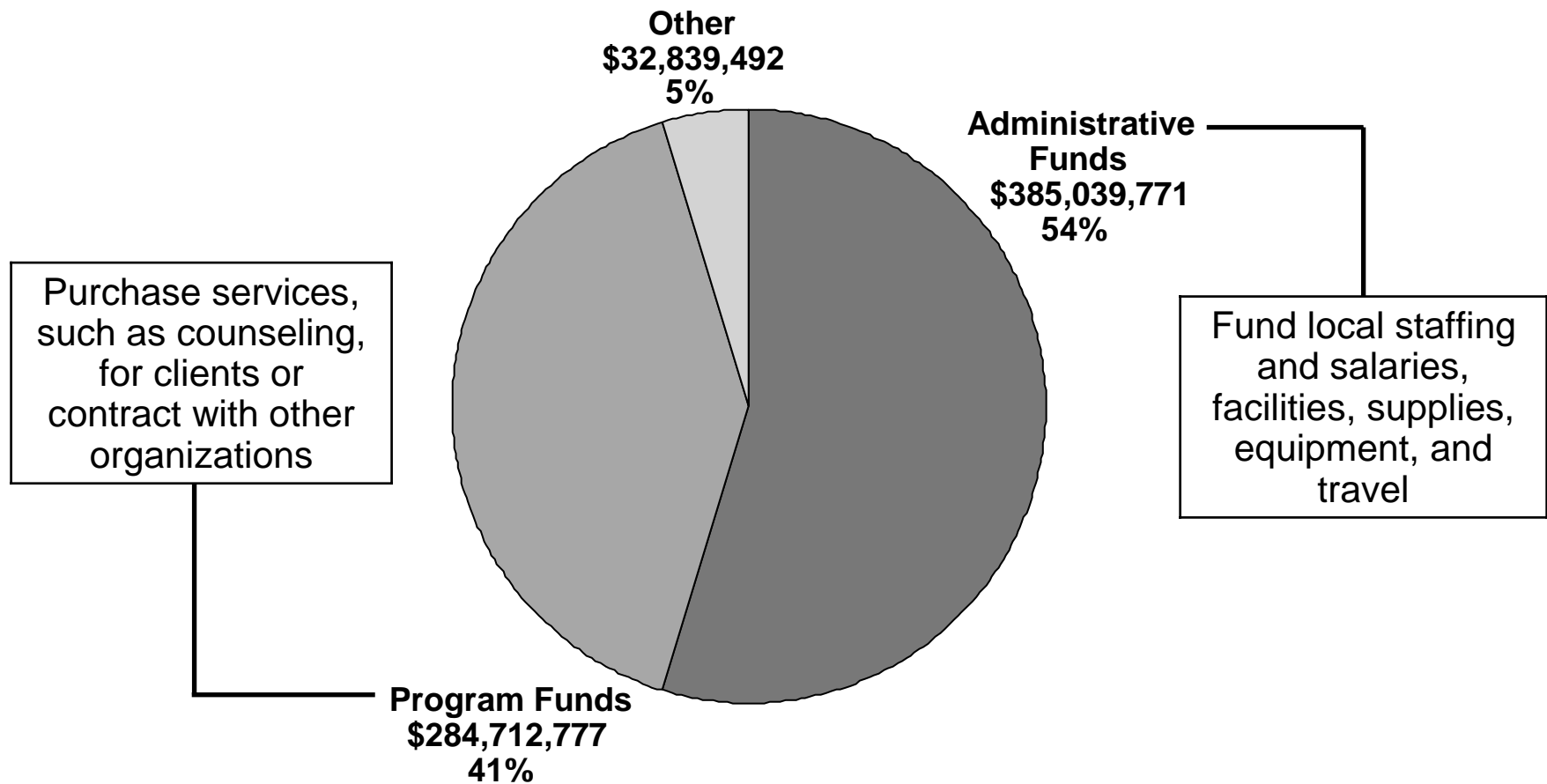
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Local Department Funding

FY 2004 Funds Reimbursed to Local Departments = **\$702.5 million**



Administrative Funds Provided to Local Departments

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- **Administrative funds are used to support local department**
 - **Staffing**
 - **Facilities**
 - **Equipment and supplies**
 - **Travel**

- **Administrative funds are comprised of federal, State, and local dollars**

Administrative Funds Have Increased

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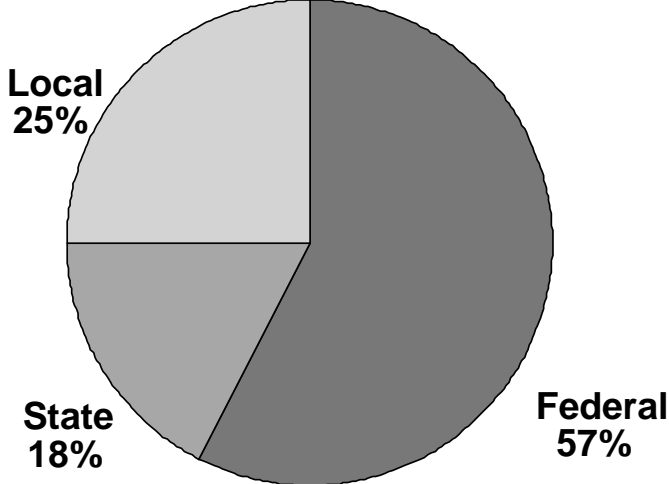
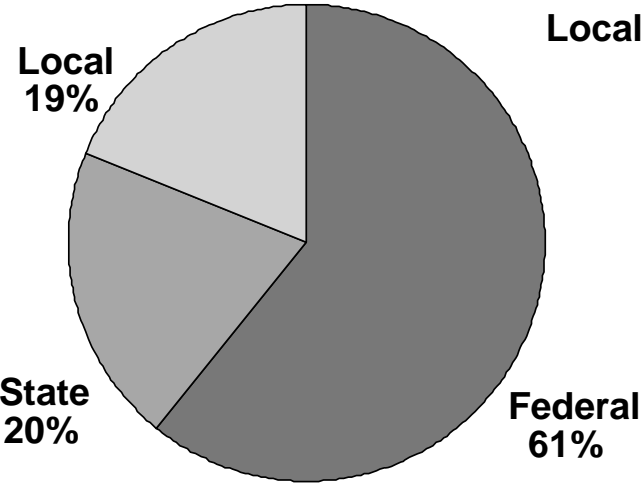
	1999	2004	% Change
Administrative funds <u>with</u> State match	\$281,696,551	\$302,099,192	7%
Administrative funds with <u>no</u> State match (pass-through)	25,766,113	82,940,579	222
Total administrative funds	307,462,664	385,039,771	25

Local Share of Total Administrative Funding Is Growing

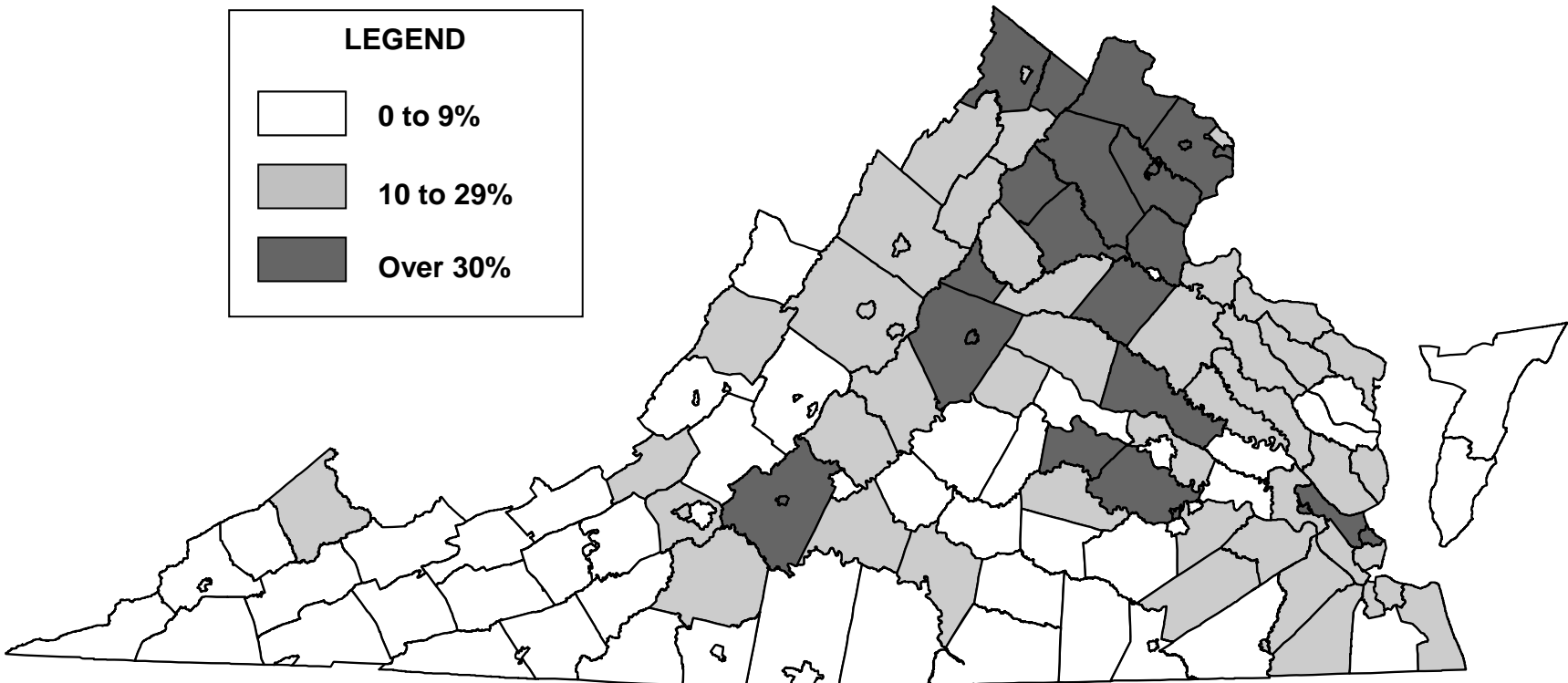
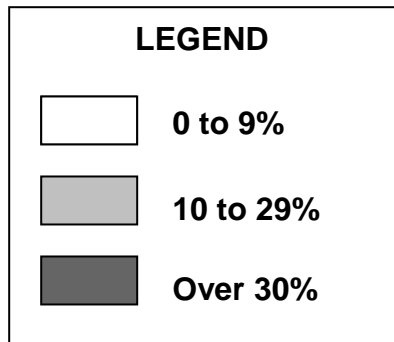
1999 =
\$307,462,664

Total	+25% (\$77.6 million)
Federal	44% (\$33.9 million)
State	7% (\$5.4 million)
Local	49% (\$38.3 million)

2004 =
\$385,039,771



Use of Pass-Through Funds



Use of Pass-Through Funds Is Related to Local Ability to Pay

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- **At 10 local departments, pass-through funds account for more than 40% of their total administrative budget**
 - **All 10 localities have “below average” or “low” fiscal stress**

- **14 localities do not use pass-through funds at all**
 - **All but 2 localities have “above average” or “high” fiscal stress**

Increase in Local Share Permissible Under Statute

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- *Code of Virginia* states that administrative expenditures made by localities shall be reimbursed “in an amount ... not less than fifty percent of such administrative costs.”
- No local government is providing more than 50% of its department’s total administrative funds
- But local share is approaching 50% in some departments

Current Administrative Funds Allocation Methodology

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- Since the early 1990s, DSS has used a “past-year” methodology to allocate administrative funds
- Methodology does not formally consider
 - Ability of the local government to provide additional administrative funds
 - Current caseloads managed by the local departments

Disparity Between Caseloads and Funding

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- Caseload was 50% more than State-matched administrative funding (for benefit programs) at 10 departments
 - One department had 2.82% of the State's caseload, but only 1.29% of State-matched administrative funding

- Caseload was 50% less than State-matched administrative funding (for benefit programs) at 7 departments
 - One department had only 0.02% of the State's caseload, but 0.08% of State-matched administrative funding

Examples of Impact

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- **One department reported that it cannot access pass-through funds and therefore is not able to hire additional staff to manage increased caseloads**
 - **Has increased the cases per worker and decreased the time spent on each case**

- **One department in an “above average” fiscal stress locality makes only limited use of pass-through funds**
 - **Director is considering staff layoffs and eliminating non-mandated programs as the local budget is being cut**

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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Insufficient Information to Determine Adequacy of Local Staffing

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	Current?	Complete?	Agreed-Upon?
1. Local caseloads	✓	✓	✓
2. Workload measures	X	X	X
3. Caseload standards	X	X	X
4. Front-line staffing levels	X	X	X
5. Front-line staff skills and abilities	X	X	✓

Recommendation

- **The General Assembly may wish to consider requiring the State Department of Social Services to improve its ability to measure local workload 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.**

Local Departments Face Loss of Expertise and Leadership

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	Eligible to Retire	
	June 2005	June 2010
Directors <i>(full benefits)</i>	25%	52%
Directors <i>(reduced benefits)</i>	48%	36%
Supervisors	60%	80%
Front-Line Staff	33%	52%

Local Retirements May Impact System Performance

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- **Retirement of directors may create leadership gap and decline in performance**
- **Retiring front-line staff will be replaced by less experienced staff who generally have less system expertise**

Some Local Departments Face Retention Challenges

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- **Nearly 20% of local departments lost at least one-quarter of their staff between January 2004 and March 2005**
- **Nearly 40% of local departments lost at least one-quarter of their front-line service staff between January 2004 and March 2005**

Some Local Departments Face Recruiting Challenges

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- **Nearly 25% of local departments had more than one-quarter of their positions vacant as of March 2005**
- **Nearly 40% of local departments had one-quarter or more of their service positions vacant as of March 2005**

Local Retention and Recruiting Challenges Impact Operations

35

- **When positions are vacant, remaining staff assume additional responsibilities to compensate**
- **Over time, this can negatively impact the morale of the staff and the quality of their work**

Recommendation

36

- **The State Department of Social Services should provide more targeted human resource support to departments. This support should include**
 - **helping local departments experiencing retention and recruiting difficulties**
 - **facilitating the management of pending retirement transitions at local departments**

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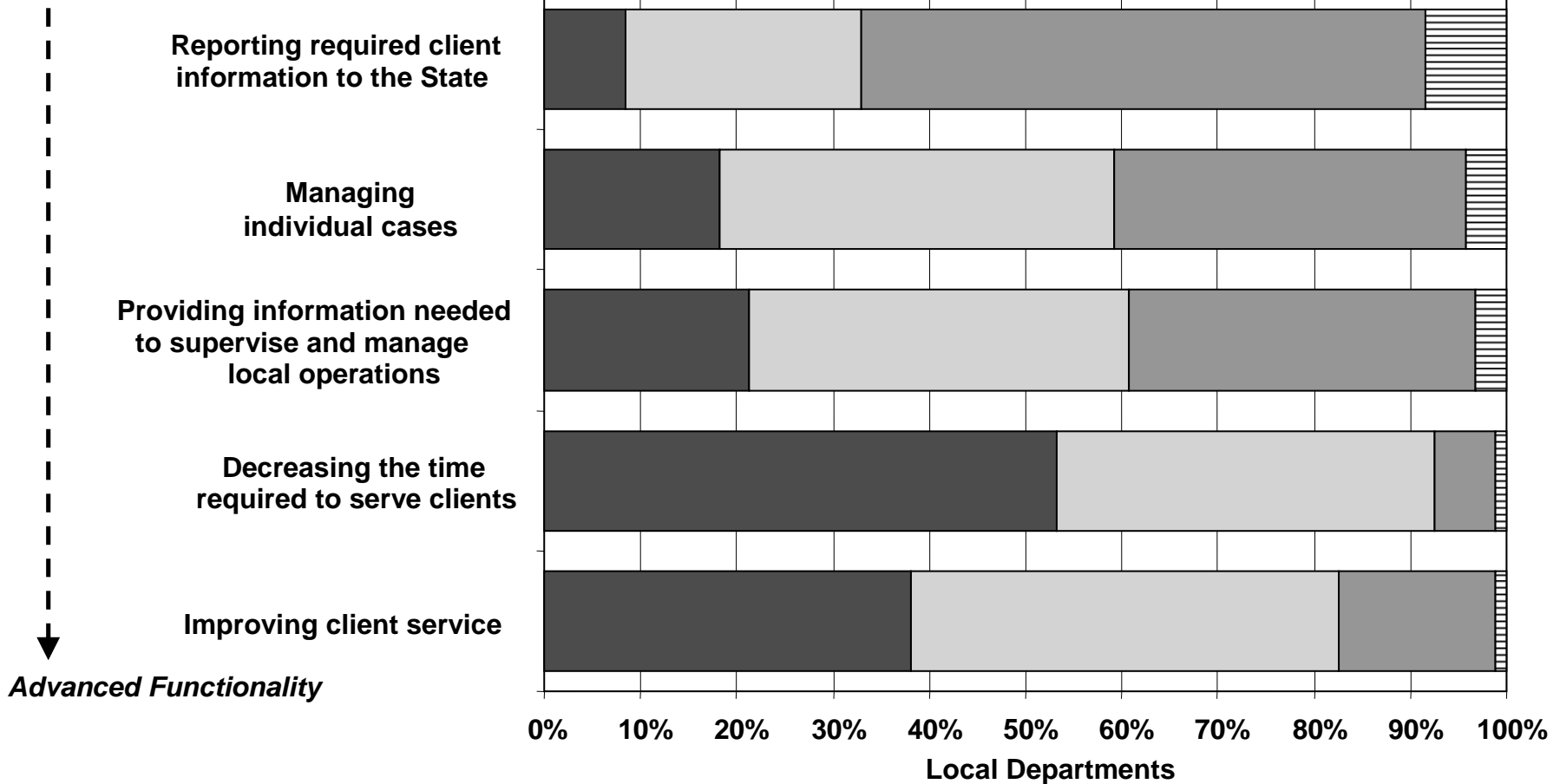
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Local Assessment of OASIS

LEGEND: Poor Fair Good Excellent

Basic Functionality

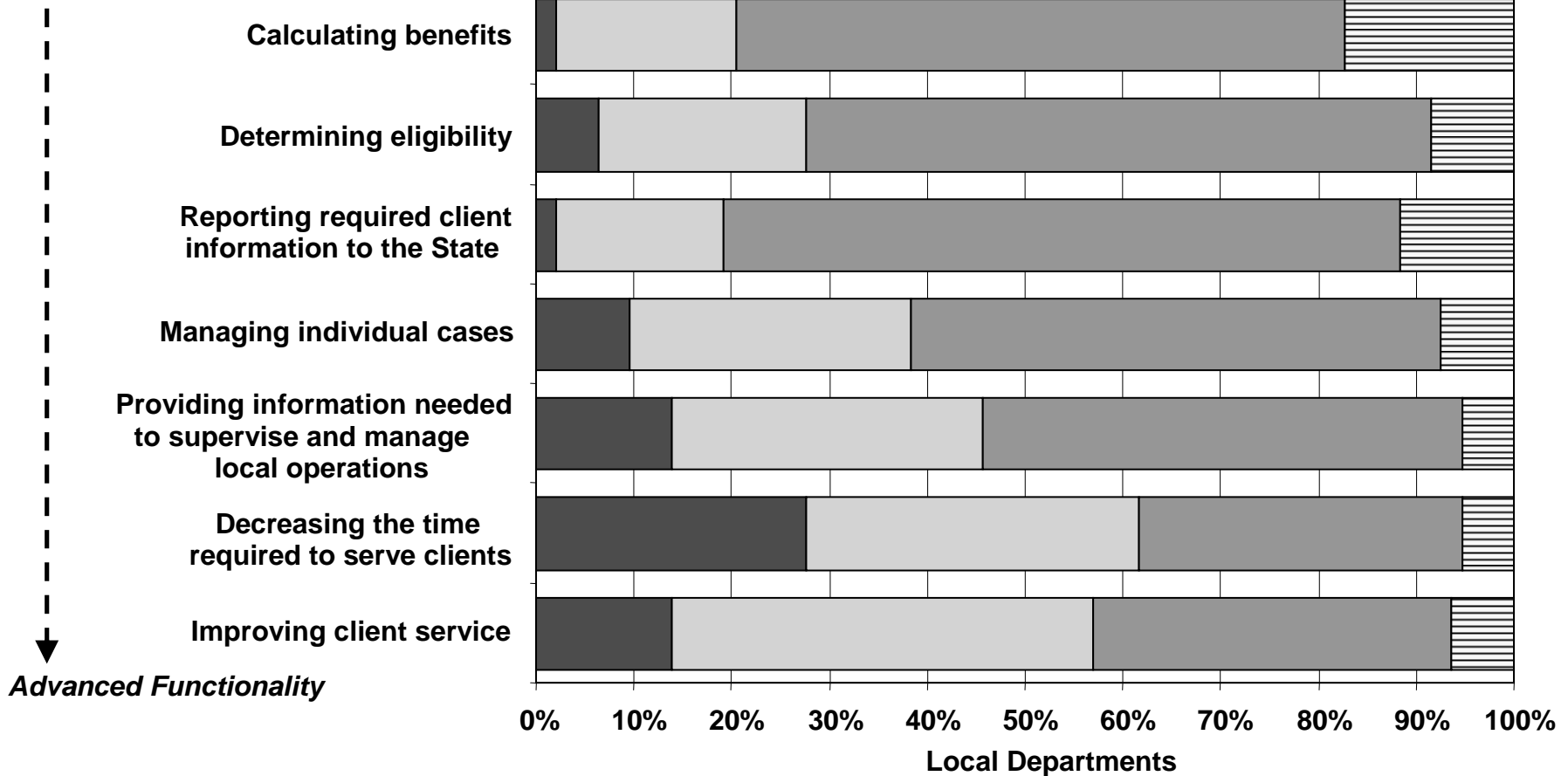


Advanced Functionality

Local Assessment of ADAPT

LEGEND: Poor Fair Good Excellent

Basic Functionality



Advanced Functionality

IT Gaps Impact Local Departments

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- **Some local staff first do their work on paper, then transfer it into the IT systems**
 - This likely increases the overall time needed to manage cases
 - Also increases likelihood of data errors

- **Some departments independently purchase additional systems to fill gaps in functionality**
 - This likely increases overall IT costs for the system

IT Planning and Processes Improving

41

- JLARC staff have previously documented problems with IT planning and processes
- However, several recent systems developed by the State DSS have shown improvement:
 - Increased local involvement
 - Web-based technology
 - Increased responsiveness to local needs
- But both DSS and VITA did not appropriately plan and oversee development of these systems according to State requirements

Proposed Large-Scale IT Project

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- **State DSS has received proposals to build an Integrated Social Services Delivery System (ISSDS)**
- **Proposals were submitted under the Public-Private Education and Infrastructure Act (PPEA)**
- **Preliminary cost estimate more than \$100 million**
- **State DSS is currently reviewing its options before proceeding further**

State Should Be Cautious

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- Program and business requirements are evolving
- State DSS has a mixed track record with large-scale IT systems
- DSS planning and VITA oversight for ISSDS thus far are questionable
- DSS one of first agencies to use PPEA for a large-scale IT system
- DSS must make decisions in a relatively short time-frame

Recommendations

- **The General Assembly may wish to consider requiring regular reports on the ISSDS initiative to the Senate Finance and House Appropriations Committees.**
- **The Chief Information Officer of the Commonwealth and the VITA Project Management Division should increase oversight of the ISSDS initiative. Updates should be regularly provided to the State's Information Technology Investment Board.**

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State DSS Narrowly Interprets Responsibilities

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- ***Code of Virginia* stipulates that DSS shall supervise the administration of social service programs**
- **State DSS narrowly interprets its supervisory responsibilities**
- **Contributes to weak State supervision and support**

State Has Weak Strategic Management Capabilities

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- ***Code of Virginia* stipulates that DSS should “assist and cooperate with local authorities ...”**

- **However, State DSS does not**
 - **Collect data necessary to support strategic decision-making**
 - **Provide sufficient analytic support to identify improvement opportunities**
 - **Provide adequate assistance in coordinating with other organizations**

Data Collection Is Voluminous and Segmented

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- **State DSS and local staff appear unable to turn voluminous data into useful information to support decision-making**
 - Dozens of data elements exist about Virginia's children in foster care
 - However, State DSS staff could not provide information about the impact of a recent increase in court-mandated foster care cases

- **Segmented data collection limits ability of State DSS to assess the overall operations and performance of local departments and proactively provide support to those that need it**

State DSS Has Limited Analysis Capability

- **Data are not fully analyzed in pursuit of improvement opportunities**
 - **Leaves local departments on their own to identify trends and determine how best to improve**

- **Nearly three-fourths of local departments rated State DSS as “poor” or “fair” at disseminating usable policy analysis and assessments**

Examples of Issues Needing Further Analysis

50

- **Impact of increasing long-term care and asset transfer Medicaid cases**
- **Opportunities for statewide vendor negotiations**
- **Impact of methamphetamine and other substance abuse problems on caseloads**
- **Impact of local governments assuming increased share of administrative costs**
- **Ways to support local departments with imbalances between staff and workload**

State DSS Could Improve Coordination

51

- **Improved coordination is needed among State agencies**
 - **More than 80% of local departments report that coordination with DMAS regarding Medicaid eligibility determinations needs to be improved**
 - **More than half of local departments report coordination with the Department of Juvenile Justice regarding foster care needs to be improved**

- **Improved coordination and collaboration are also needed among local departments**

State DSS Regional Structure Has Declined

52

■ 1980

240 State Regional Positions		1
<hr/>		
5,500 Local Staff	=	23

■ June 2005

96 State Regional Positions		1
<hr/>		
8,500 Local Staff	=	88

- Same regional staff hold multiple positions
- Only half are located in the same region they are serving

Regional Decline Contributes to Poor Communication

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- **With regional decline, system lacks sufficient structure to manage the extensive information exchanged between State and local staff**
- **More than 60% of departments rate the State DSS as “poor” or “fair” in communication about benefit programs**

Regional Decline Contributes to Poor State DSS Oversight

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- **State DSS no longer conducts same level of oversight and therefore has limited insight into local operations and knowledge of their compliance with requirements**
- **More than 60% of departments rate DSS as doing a “poor” or “fair” job of conducting oversight**
- **State is vulnerable to penalties pursuant to performance and financial audits of local departments**

Title IV-E Foster Care Funding Shortfall

55

- In 1999, State DSS worked with local departments on strategy to enhance funding for Title IV-E foster care
- State did not have the ability to conduct oversight of local implementation
- State did not sufficiently communicate that this strategy was under federal review and would likely not be reimbursed
- In 2005, system had a \$36 million shortfall in Title IV-E funding

Turnover in Commissioners Exacerbates Weakness

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- **Since 2000, five different individuals have held the DSS Commissioner position**

- **This turnover negatively impacts both State and local staff**
 - **State DSS has been frequently reorganized**
 - **State DSS staff appear frustrated at their inability to complete long-term projects**
 - **Some local staff are skeptical to embrace State initiatives that will likely change**

Recommendations

- **The General Assembly may wish to define specific supervisory responsibilities, including:**
 - provide local departments with policy advice and guidance
 - communicate about relevant federal and State policies and developments
 - conduct ongoing oversight of local department operations and performance
 - ensure, to the extent possible, that Virginia's citizens receive efficient and effective service from local departments

Recommendations

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- **The General Assembly may wish to define specific support responsibilities, including:**
 - provide and collect information necessary to support effective decision-making
 - proactively identify opportunities for performance improvement
 - coordinate with other relevant State agencies, other organizations, and among local departments
 - provide guidance, support, and resources to maintain and improve performance
 - provide enhanced human resources management support to local departments

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Summary Assessment Is Mixed

Assessment Area	Summary Assessment	JLARC Staff Recommendations
Statewide Performance	Yellow	None
Local Performance	Yellow	None
Local Administrative Funding	Red	Yes
Human Resources	Red	Yes
Information Technology	Yellow	Yes
Overall State Supervision and Support	Yellow	Yes
State DSS Strategic Management	Red	Yes

LEGEND	Red	No positive findings.	Yellow	At least one positive and one negative finding.	Green	No negative findings.
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Ongoing State DSS Improvement Initiatives

61

- Strategic planning
- Chief Operating Officer position
- Performance Improvement Plan
- Needs-based training
- Business process transformation

Longstanding Problems Have Not Been Addressed

62

- In 1981, JLARC staff found
 - Caseload standards need to be updated, validated, and applied
 - Large amounts of data are not sufficiently used
 - Research and evaluation capabilities need to be strengthened
 - Regions need to be clarified and strengthened

- In 2005 during this review, JLARC staff found these problems still exist

Special Commission Needed to Guide Comprehensive Changes

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- **JLARC staff recommendations cover most operational aspects of Virginia's system**

- **Consequently, in the short-term a commission or task force is needed to provide:**
 - **Leadership from the top**
 - **Insight and perspective of various stakeholders**
 - **Coordination with ongoing State DSS improvement initiatives**

Recommendation

- **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.**