

Virginia Department of Social Services

Presentation to the
Health and Human Resources Subcommittee
of the House Appropriations Committee

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

VDSS Programs

- Child Welfare
- Adult Services
- Child Support Enforcement
- Benefit Programs
- Child Care
- Licensure
- Community and Volunteer Services

VDSS Budget

- Current totals (millions)

| | FY 2007 | FY 2008 |
|-------------------|----------|----------|
| ● Federal | \$ 754.0 | \$ 757.0 |
| ● State | \$ 361.6 | \$ 369.8 |
| ● Special Revenue | \$ 633.1 | \$ 662.9 |

Proposed new dollars (net)

| | | |
|-----------|----------|----------|
| ● Federal | \$ -10.3 | \$ -11.4 |
| ● State | \$ 0.6 | \$ 32.2 |

Where will the new money go?

Funding to respond to federal action

- TANF Reauthorization
- Deficit Reduction Act
- Title IV-E

Funding to increase/improve services

- Auxiliary Grant Increase
- Increase Foster Care Payments
- Automated Child Care System

TANF Program Overview

- TANF core program components include
 - TANF cash benefits
 - Employment services
 - Mandatory child care
 - State/local administrative costs

TANF Budget Changes by Major Activity

TANF Re-authorization tightened work participation requirements. Approximately 6,200 more recipients must participate in work activities to avoid penalties to the state's TANF award.

| | FY 2007* | FY 2008 |
|---------------------------|----------|---------|
| ● Expand work component | \$ 5.1 | \$ 8.7 |
| ● Mandatory child care | \$ 13.7 | \$ 20.3 |
| ● Transitional Assistance | \$ 0.6 | \$ 1.4 |
| ● Systems Changes | \$ 0.3 | \$ 0 |
| ● Totals (all funds) | \$ 19.7 | \$ 30.4 |

*FY 2007 figures include \$10.9 GF carryover

TANF Program Core Costs

- Total core costs in millions (State, federal and local):

| | |
|---------------------------------|----------------|
| FY 2008 Appropriations Act | \$254.5 |
| TANF Reauthorization | <u>\$ 30.4</u> |
| Total costs for core components | \$284.9 |
| Base year TANF FFY 1994 | \$342.2 |
| Annual Net difference | \$ 57.3 |

Other Federal Changes

IV-D Child Support Enforcement

- DRA made federal funds (performance incentives) ineligible for federal match
 - Current incentive amount \$10M
 - Potential loss of \$20M in federal funds
 - \$20M must be replaced with \$6.6M GF (34%)
 - Budget Bill includes \$4.9M to replace lost federal funds for 9 months

Other Federal Changes

Title IV-E Foster Care and Adoptions

- Changes in federal law and interpretation of regulations
- Primarily aimed at shifting cases out of IV-E
- Results in reduced projected IV-E revenue
- Increases state costs for both payments (in CSA) and case management/training activities in the DSS budget
- Impact in DSS to maintain status quo is:

| | FY 2007 | FY 2008 |
|-----------|----------|----------|
| • Federal | \$ - 5.2 | \$ - 7.4 |
| • State | \$ 5.2 | \$ 7.4 |

Funding to Increase/Improve Services

| | FY 2007 | FY 2008 |
|-----------------------------------|---------|---------|
| • AG Rate Increase (GF) | \$ -0.4 | \$ 0.4 |
| • Foster care rate increase (GF) | \$ 0 | \$ 3.0 |
| • Foster care rate increase (Fed) | \$ 0 | \$ 2.0 |
| • Child Care System (GF) | \$ 0 | \$ 0.9 |

Auxiliary Grant Rate Increase

- Governor's budget includes shift of \$400K from FY07 to FY08
- Allows for increasing the AG rate earlier than anticipated
- Rate increase of \$66 per month eff. 1/1/07
 - FY06 rate = \$982
 - FY07 rate = \$1,048

Foster Care Rate Increase

- 10% rate increase in maintenance payments for foster and adoptive parents
- Annual child clothing allowances also increased
- Designed to help local departments recruit and retain foster parents
 - Should help to improve stability in foster care for children
 - Will help to avoid more costly placements with child placing agencies and residential facilities
 - Should provide more placement options

Child Care System Funding

- Child care is now the single largest DSS subsidy program (\$145 million+ annually)
- Longstanding need for statewide data system
- Expected 3 year project
- Additional costs expected to be offset by program savings