Virginia Department of Social Services

Local Base Budget Allocations DRAFT Formula Presentation 1

Virginia Municipal League / Virginia Association of Counties - November 28, 2023

Outline

- **The Challenge - Aspects and Assumptions**

- **How did we get here?-Background**

- **The DRAFT Formula**

- **Implementation**

- **Next Steps**

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The Challenge

Aspects and Assumptions

- Complex Set of Factors, Variables

- Adequacy of Funding

- Budget Request

- RESET- No Loss, Net Gains

- Starting Point/Recommendation(s)

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How did we get here?-

Background

FY 2023 Local Base Budget Funding

FY 2023 = $512M
(FY 2022 = $487M)

$245M = 51%

Federal Funding Sources

$161M = 34%

$68M = 15%

State Funds

Local Staff and Operations

Local Matching Funds

120 LDSS Participate

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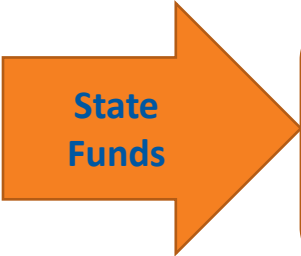
Budget Lines Included in the Base Budget

- **Budget Line 849 – Staff and Operations No Local Match**

- **Budget Line 855 – Staff and Operations (Includes 15.5% Local Match)**

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How did we get here?

Starts with a State Board Request in 2020

2021 – Ongoing
7 Local Directors / 7 DSS Directors
Define Equity
Propose, Evaluate, Decide on New Criteria
Develop Models / Make Recommendations

Spring 2023
All Localities
10 Sessions/19 Focus Groups/Survey
88% Participation Rate/500 Pages of Raw Feedback
What Factors?

RESULTS
*Factors- Weighted Caseloads, Poverty, Fiscal Stress
**Goals- Equity, Transparency, Predictability/Stability, Responsiveness
***Other- Include Wider Audiences, Implement with Time to Adjust

Work Group

Focus Groups

Weighted Caseloads
Poverty
Fiscal Stress

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DRAFT Formula

Factors

New Formula + Improve Equity

Weighted Caseload → Fiscal Stress → Allocation

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Weighted Caseload Definitions

- Caseload data is recorded according to Federal Information Processing Standards (FIPS) for the 19 programs tracked by the Virginia Case Management System (VaCMS), Online Automated Services Information System (OASIS), and other state and federal tracking systems.

- The percentage of observations sampled for each of the 20 programs can be utilized to weight dollars by program.

- Locality caseload data is then used to allocate staff and operations funding for each program by locality. The sum of each locality's allocation for each program equals their total allocation.

- Weighting caseloads can provide a more equitable allocation by taking into consideration variances such as the amount of time required to enroll a Medicaid recipient versus the amount of time required to complete a Child Protective Services (CPS) investigation for example.

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Fiscal Stress Score Definitions

- **The Department of Housing and Community Development--Commission on Local Government ([CLG](#)) produces a fiscal stress index (a.k.a. "score"), with three components that are averaged together**
  - Revenue capacity per capita: "how much tax revenue a locality could collect per person from its base if it used statewide average rates."
  - Revenue effort: "its own-source revenue collections divided by its revenue capacity."
  - Median household income: "the level at which exactly half of the households in a jurisdiction earn more and the other half earns less."

- **Updated annually. Typically an ~18-month turnaround. FY2021 is most recent available.***

- **Higher score- Higher Stress / Lower Score – Lower Stress**

- **Range- 91.3 to 106.9-**

- **State Fiscal Stress Average Index Score- 100.3**

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The Calculation

Weighted Caseload + Fiscal Stress Adjustment

| Calculate allocation by weighted caseloads only | Map locality (133) fiscal stress scores to (120) LDSS | Compare the Locality fiscal stress score to the state average | Modify weighted caseload allocation by difference |

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Reset and Budget Request

- After calculating allocations based on the new formula, **funding increases** for each locality that would receive an increase are noted

- Funding levels are then **RESET** so that 2023 funding levels remain the same-

- The identified **funding increases** are added together to become the accompanying **Budget Request** and if received be applied to localities who would have received an increase under the new formula

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RESET Provision Impact

LDSS Maintaining at FY2023	63
LDSS with Gain From Existing Allocation	57
Average Cost to Implement	$881 K
Total Cost to Implement	$55.5 M

Budget Request

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Implementation

Plan In Summary

DRAFT

VET

REVISE & REVIEW

SUBMIT

JUL- SEP 2023

OCT 2023- FEB 2024

MAR 2024- JUN 2024

JULY 2024

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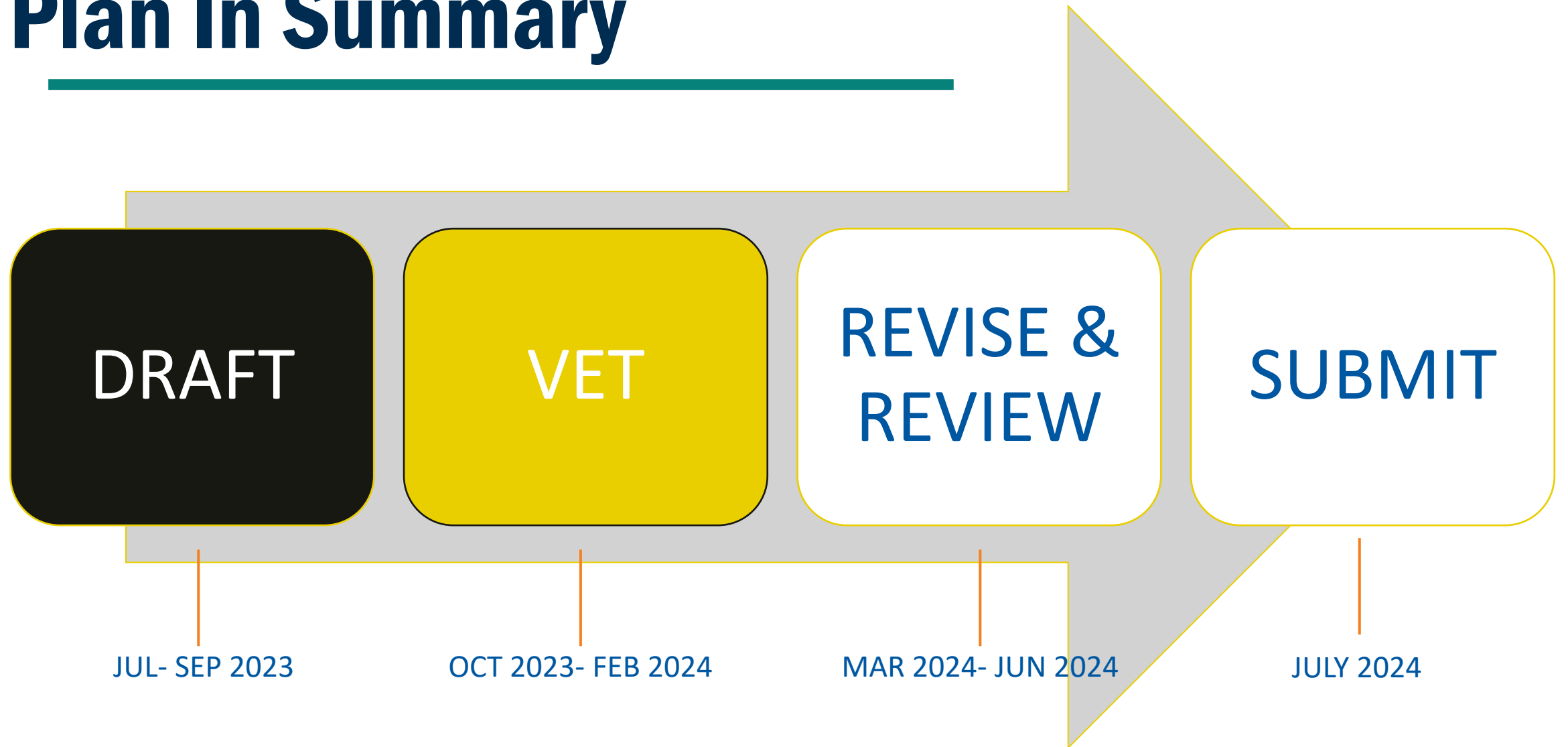
Implementation

- **2024- July**
  - Request Approval from the Secretary of Health and Human Resources to submit a decision package as part of the annual preparations for the upcoming General Assembly Session (2025)

- **2025- January**
  - GA takes up Formula Change Legislative/Budget Package

- **2027- July**
  - Formula Change goes into effect as part of the new State Fiscal Year

  - Formula is updated every two years 2029/31/33 etc.

  - New Funding is processed through the formula

Next Steps and Feedback

Stakeholder Feedback Opportunities

- **Presentation 2**
  - Tuesday December 5th
    - Central   11 am
    - Northern   1 pm
    - Eastern   2:30 pm

  - Monday December 11th
    - VML/VACO   1 pm

  - Tuesday December 12th
    - Western   2:30 pm
    - Piedmont   4 pm

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Feedback

- **Please send all comments and feedback to-**

LocalBaseBudgetFormula@dss.virginia.gov

# Discussion-?

Thank you!

Appendix

Designing a New Formula

- **Collected perspectives from stakeholders**
  - Focus groups available to all local executives
  - Working group
  - State social services leadership

- **The next step... design a new formula! How do you approach this?**

- **Implement recommendations of stakeholders**
  - Factors to consider: caseloads, poverty, capacity to pay
  - Goals: equity, transparency, predictability/stability, responsiveness

Poverty & Weighted Caseload Allocation Correlations

5-Year American Community Survey estimates (2021)	2021 Allocation Based on Weighted Caseload	Previous Base Allocation
Poverty Counts by LDSS	**0.97**	0.92
200% FPL Counts by LDSS*	**0.98**	0.89

Two variables that have a strong positive correlation have a scatterplot pattern that fits closely to an imaginary line trending in an upward direction.
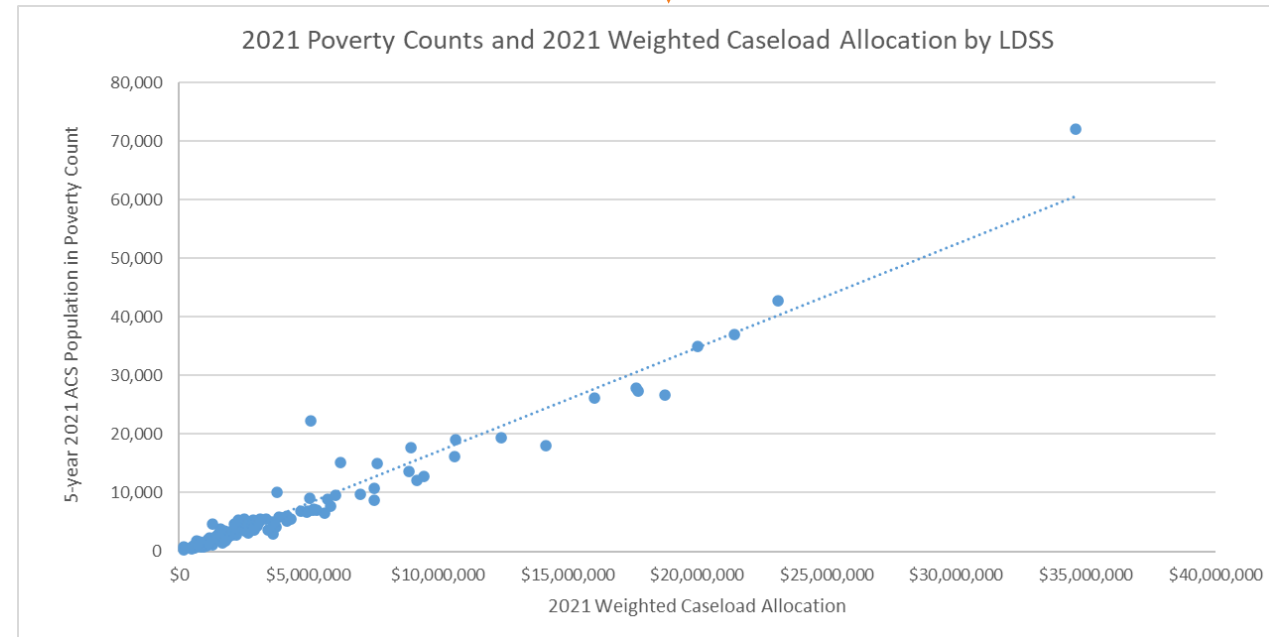
- Perfectly correlated variables would have a correlation coefficient of 1.0.
- A correlation (+/-) is typically considered to be strong if it is 0.7 or higher.

2021 Poverty Counts and 2021 Weighted Caseload Allocation by LDSS

*"FPL" stands for Federal Poverty Level

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Poverty & Weighted Caseload Allocation Correlations

5-Year American Community Survey estimates	2021		2020	
	Weighted Caseload Allocation	Base Budget Allocation	Weighted Caseload Allocation	Base Budget Allocation
2021 Poverty Counts by LDSS	0.97	0.92	0.97	0.92
2021 200% FPL Counts by LDSS	0.98	0.89	0.98	0.90
2020 Poverty Counts by LDSS	0.97	0.93	0.97	0.90
2020 200% FPL Counts by LDSS	0.98	0.90	0.98	0.90

Correlation results indicate that allocations based on weighted caseload are very well aligned with differing poverty population counts across local departments over multiple years. These findings suggest that introducing a poverty measure into the formula would have little to no impact on addressing differences in poverty population counts across local departments.

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Weighted Caseload + Fiscal Stress Adjustment

- **Start with weighted caseload allocations**

- **Map the fiscal stress score for Virginia's 133 FIPS codes to the 120 local departments.***

- **Adjust the weighted caseload allocation based on a locality's fiscal stress score**

  - The higher the score, the higher the fiscal stress (e.g., 105.0 = high fiscal stress, 95.0 = low fiscal stress).

  - A statewide fiscal stress score weighted average is calculated to account for different weighted caseload allocations per locality – so that the total adjusted allocation amount will equal the total base budget funding target (e.g., LFY 2023 = $512M).

  - Each LDSS fiscal stress score is compared to the statewide weighted average. If an LDSS fiscal stress score is the same as the state's weighted average fiscal stress score (~100.0), then their new fiscal stress score allocation adjustment would be near or at $0 compared to their weighted caseload allocation.

* When FIPS codes are combined, the local department's fiscal stress score is a weighted average based on each locality's population per the locality's American Community Survey's 5-year total population estimate.

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