



VIRGINIA DEPARTMENT OF
SOCIAL SERVICES

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Senate Finance and Appropriations Committee

Commissioner Duke Storen

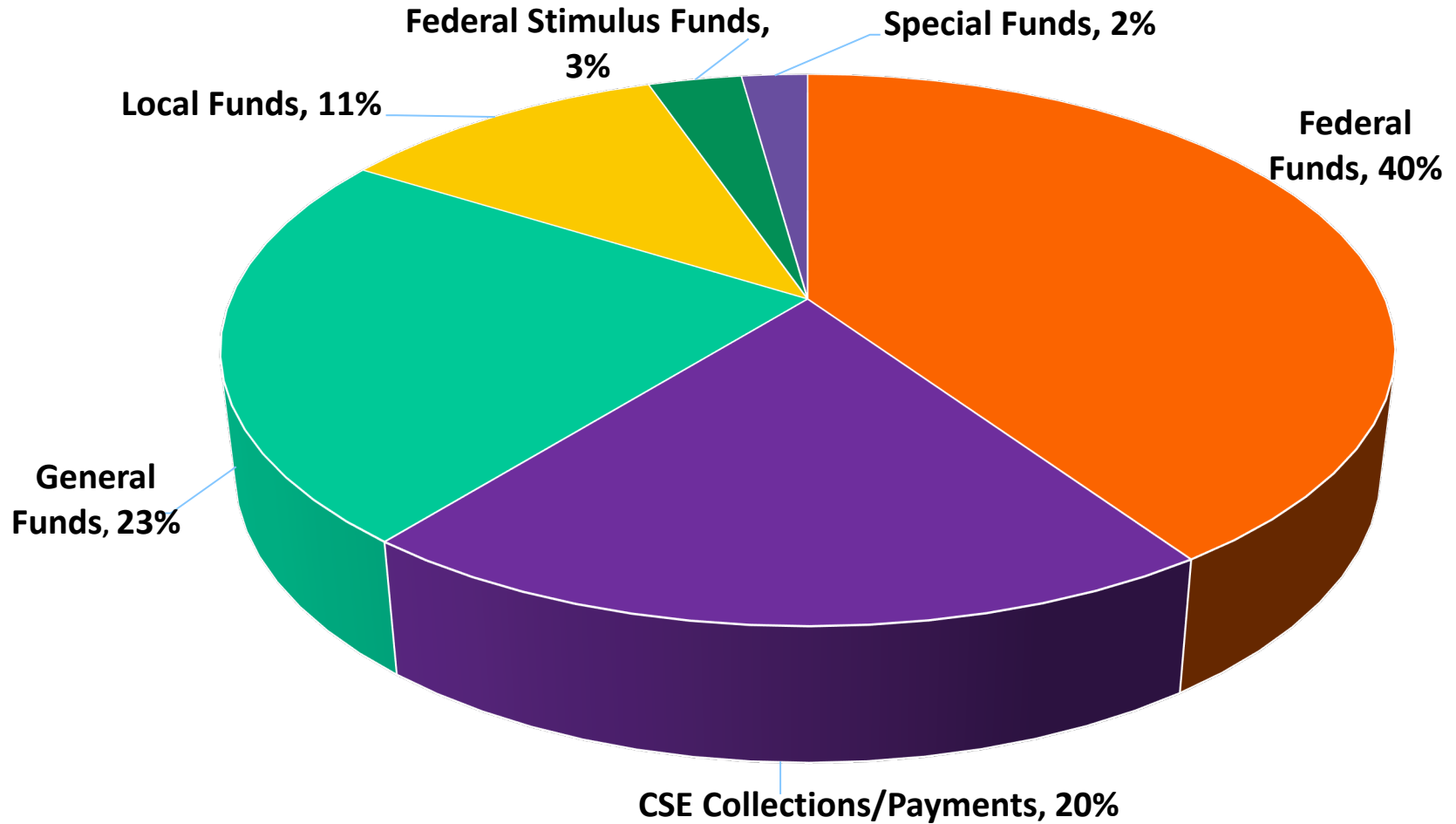
January 22, 2026

Presentation Highlights

- » Social Services Financial Overview
- » Priority Areas of Investment
- » Governor's Budget Amendments

FY 2025 Total Spending Sources

\$3.1 Billion



Department GF Spending

SFY 2025 General Fund Spending By Program Area

| | | |
|-------------------------------|----------|-------|
| Local Department Operations | \$183.7M | 25.3% |
| Family Services | \$129.3M | 17.8% |
| Benefit Programs | \$262.6M | 36.1% |
| Administration and Support* | \$ 61.9M | 8.5% |
| Adult Programs | \$ 32.3M | 4.4% |
| Program Management | \$ 26.0M | 3.6% |
| Child Support Enforcement | \$ 14.9M | 2.0% |
| Licensing/Facility Regulation | \$ 9.5M | 1.3% |
| Non-state entities | \$ 6.2M | 0.9% |
| Supplemental Assistance | \$.2M | 0.1% |
| Totals | \$726.5M | 100% |

*includes ~\$22M in VITA service payments

Statewide Economic Impact

SFY 2025 Social Services Spending Including Benefits ~\$24 Billion

| | | |
|-----|--|----------|
| 80% | Medicaid /FAMIS Benefits (in partnership with DMAS) | \$ 19.5B |
| 7% | SNAP Benefits | \$ 1.8B |
| 4% | Local DSS Staff and Operations | \$ 884M |
| 3% | Child Support Enforcement | \$ 712M |
| 2% | CSA (in partnership with OCS) | \$ 602M |
| 2% | Child Care (in partnership with DOE) | \$ 428M |
| 1% | Other Benefit Payments (Foster care/Adoption/Aux Grants, etc.) | \$ 238M |
| <1% | Energy Assistance | \$ 105M |
| <1% | TANF/UP | \$ 78M |
| <1% | Local Government Central Services | \$ 59M |
| <1% | Local Procured Client Services (VIEW, SNAP E&T, etc) | \$ 30M |

Children Served in Child Welfare

| Foster Care Program | Number of Children |
|--------------------------|--------------------|
| Kinship | 1,075 |
| Congregate Care | 639 |
| Non-Relative Foster Home | 2,732 |
| Trial Home Visit | 220 |
| Other Placements | 220 |
| Total | 4,886 |

| Adoptions Program | Number of Children |
|-----------------------------|--------------------|
| Children in IV-E Adoptions | 7,732 |
| Children in State Adoptions | 540 |
| Total | 8,272 |

| Foster Care Prevention (Relative Maintenance Support) | Number of Children (Nov. 2025) |
|--|--------------------------------|
| Children | 1,349 |
| Total Number of Parental Child Safety Program Agreements | 1,029 |

Child data from November 2025

Safe Kids, Strong Families: 6 pillars of focus

Safe Kids, Strong Families

Strengthening the workforce

1. Provide competitive compensation
2. Pilot broadened recruiting pipeline
3. Expand professional development
4. Pilot programs to increase retention of LDSS staff
5. Enhance employee experience

Child protective services

1. Centralize intake and validity to support consistency of screening decisions
2. Improve safety of youth ages 3 and under
3. Leverage advanced data analytics to inform actions
4. Ensure timely assessment and follow-up actions

Permanency for youth

1. Support permanency for high-acuity youth to reduce use of congregate care
2. Build on efforts to support foster and guardianship families
3. Create comprehensive support system for youth who do not achieve permanency and age out of care
4. Enable safe family reunification

Behavioral health and child welfare

1. Provide preventative behavioral health services to any at-risk children
2. Coordinate with DMAS and Medicaid Foster Care Specialty Plan
3. Prioritize support for parents with substance use disorders
4. Expand VMAP to child welfare stakeholders

Prevention and family preservation

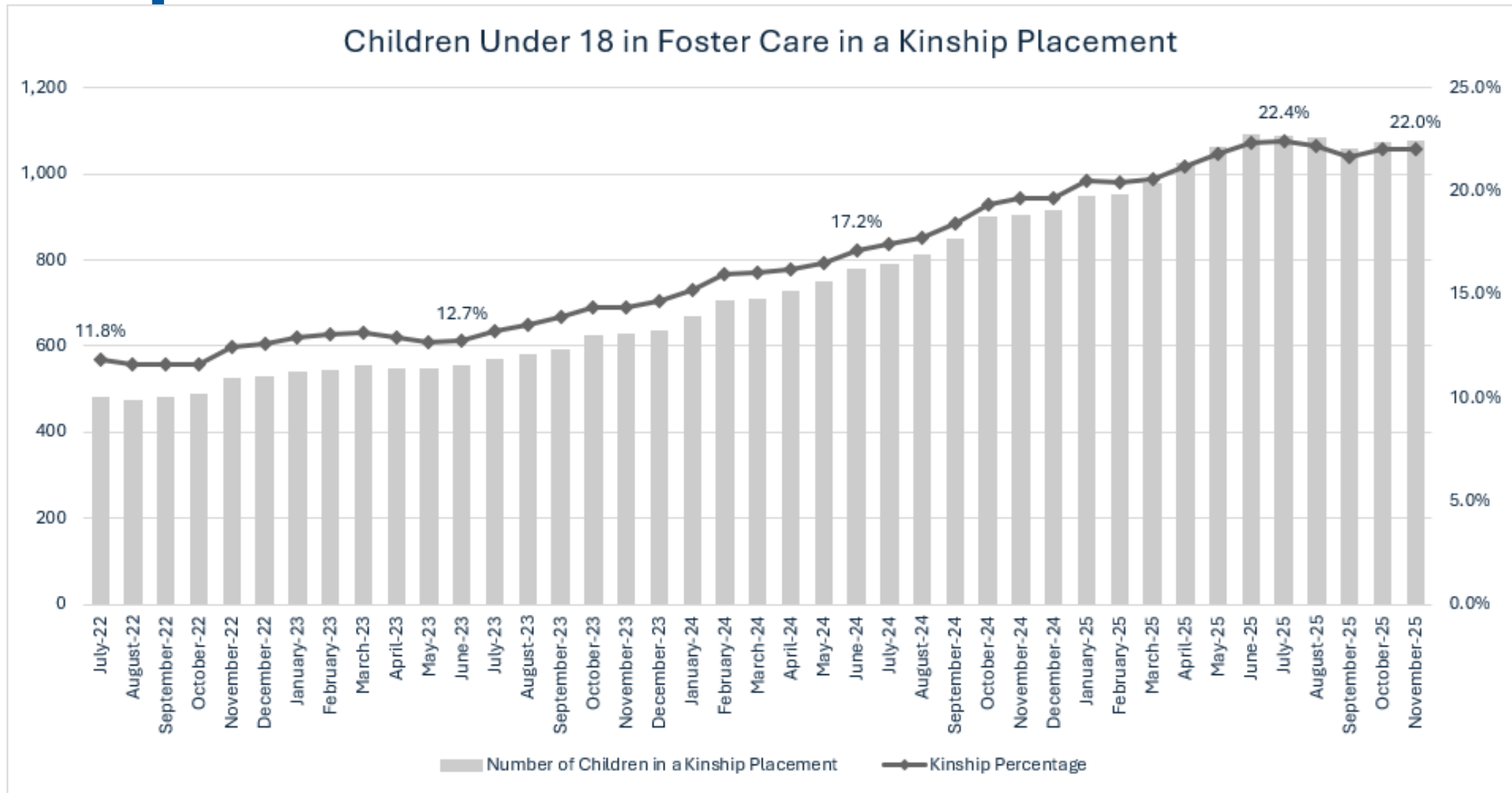
1. Establish community pathways to prevention services
2. Expand access to prevention services in each locality
3. Increase draw down of Title IV-E through FFPSA

Modernization of oversight and infrastructure

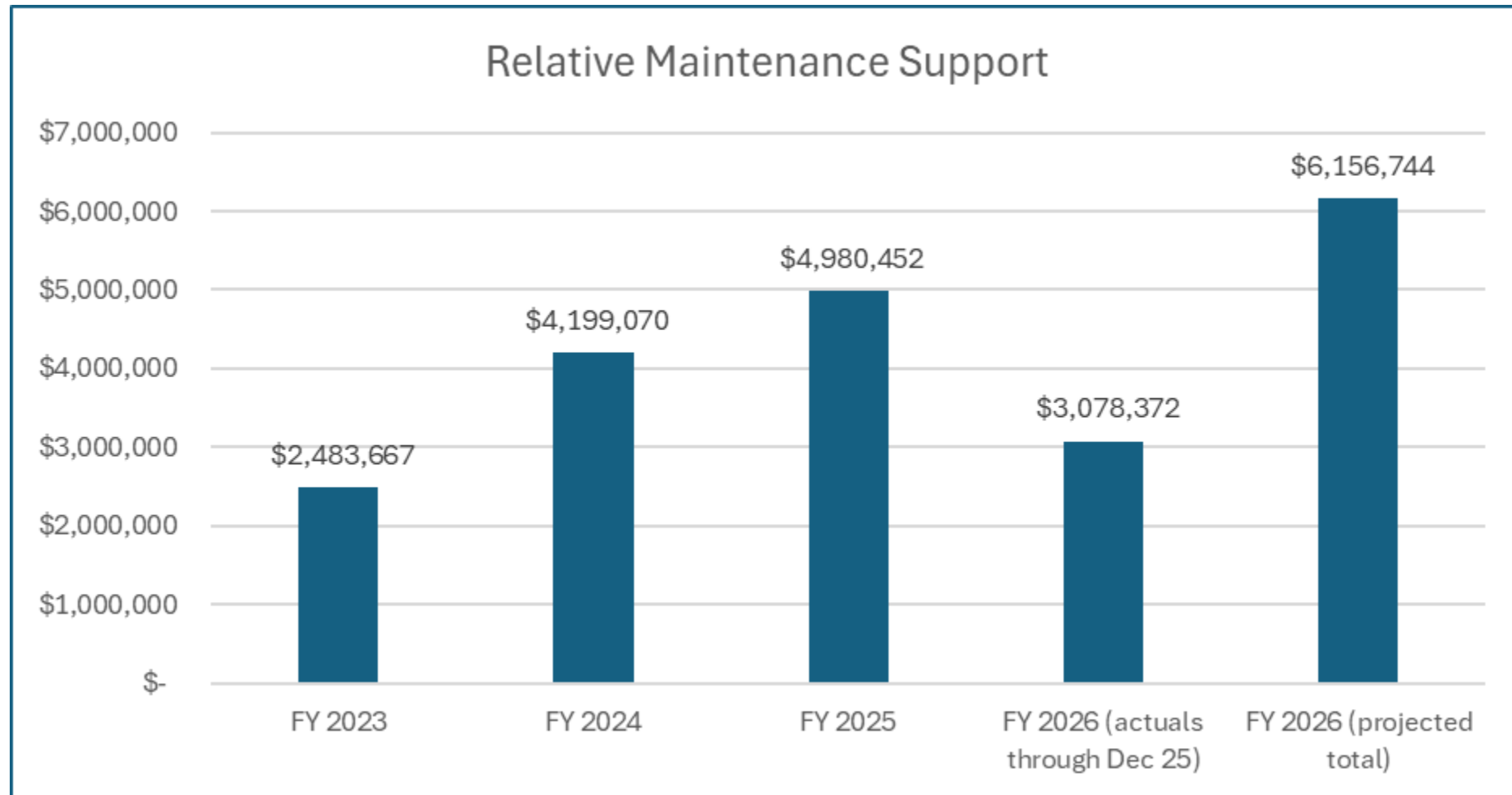
Create a statewide accountability framework
 Improve data systems
 Strengthen organizational structure and governance

Create new process to manage local capacity
 Establish transparency on abuses and fatalities

Kinship Foster Care



Relative Maintenance Payments FY 2023 – FY 2026



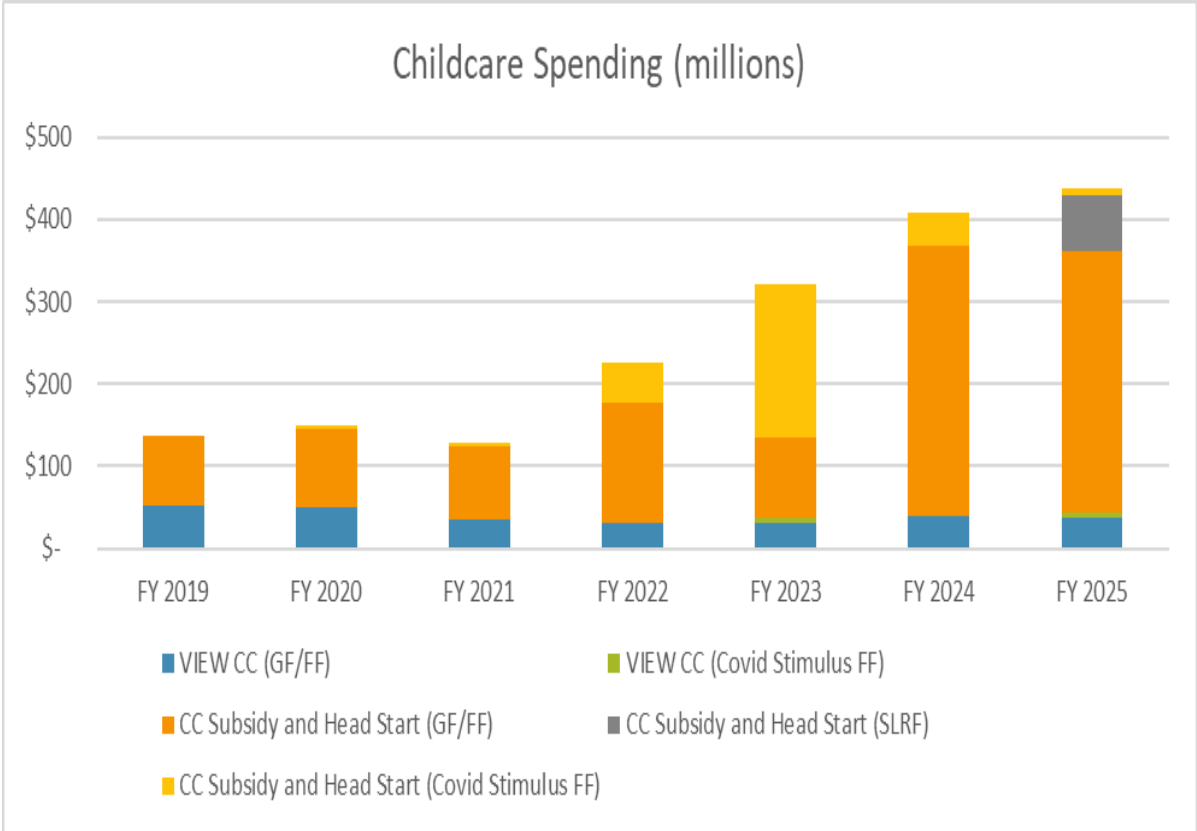
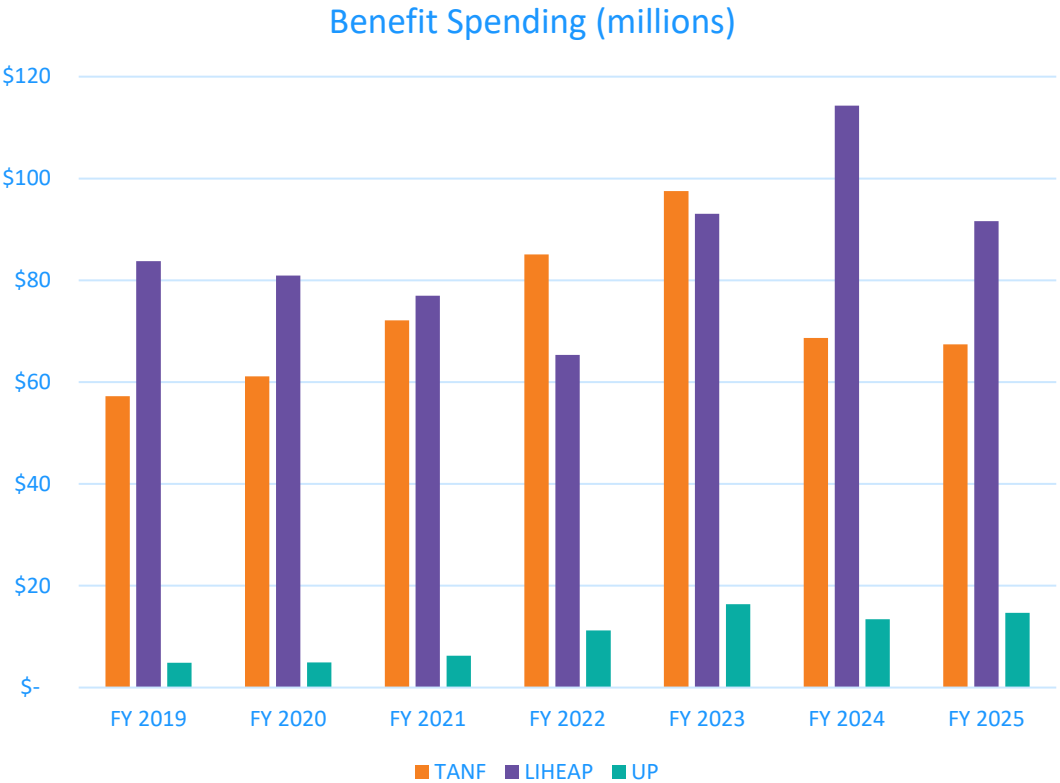
How DSS Serves Families

| Program | December 2024 | December 2025 | Percent Change |
|--------------------------------------|---------------------|---------------------|----------------|
| Medicaid Participants | 1,994,822 | 1,816,692 | 9% Decrease |
| SNAP Participants | 893,219 | 806,690 | 9% Decrease |
| SUN Bucks Participants | 712,936 (Summer 24) | 656,246 (Summer 25) | 9% Decrease |
| TANF Individuals | 29,759 | 24,222 | 19% Decrease |
| TANF UP Individuals | 9,174 | 6,264 | 32% Decrease |
| Children Receiving Childcare Subsidy | 42,477 | 42,475 | .004% decrease |

| Program | FY 2025 |
|--------------------------------------|---------|
| Children Receiving Child Support | 311,196 |
| Individuals Served – Refugee Program | 4,142 |

| Program – LIHEAP/PIPP Households | FY 2025 |
|----------------------------------|---------|
| Fuel Assistance | 107,549 |
| Crisis Assistance | 12,245 |
| Cooling Assistance | 79,625 |
| PIPP Assistance | 34,854 |

Spending for Public Benefits FY 2019 – FY 2025



TANF Spending SFY 2025

| | | |
|--------------|--|-----------------|
| 22% | TANF Benefits | \$ 83.0M |
| 4% | TANF UP Benefits | \$ 14.7M |
| 5% | View Employment Services | \$ 19.7M |
| 15% | VIEW Child Care Services | \$ 55.7M |
| 5% | State Administration & Information Systems | \$ 19.4M |
| 33% | Local Staff & Operations | \$123.7M |
| 16% | Expanded TANF Programs (Healthy Families, Community Action Agencies, Child Advocacy Centers, etc.) | \$ 60.2M |
| Total | | \$376.5M |

Fiscal Impact to Virginia

due to changes in SNAP Administrative Costs

- Currently, SNAP administrative costs (money to run the program) are split equally (50%/50%) between federal and state governments.
- Beginning Oct. 1, 2026, states will be responsible for 75% of the share of SNAP expenditures while the federal government covers 25%.
- This change is a result of HR1
- In 2025, Virginia's administrative costs were ~\$374m.
- This results in an increase of ~\$94m to Virginia.

| | FY25 Total SNAP Expenditures | | | | | FPR of 25% from 50% |
|----------------------------------|------------------------------|--------------|--------------|-------------|---------------|----------------------|
| Types of Costs | Federal | General | Local | Other | Total | Additional GF Needed |
| State Administration | \$5,527,311 | \$5,260,845 | \$ - | \$ - | \$10,788,156 | \$2,763,655 |
| Indirect Costs (cost allocation) | \$20,044,669 | \$20,037,475 | \$ - | \$ - | \$40,082,144 | \$10,022,334 |
| Local Administration | \$161,927,536 | \$67,094,841 | \$92,172,416 | \$1,740,128 | \$322,934,922 | \$80,963,768 |
| Total 50/50 Admin | \$187,499,515 | \$92,393,161 | \$92,172,416 | \$1,740,128 | \$373,805,221 | \$93,749,757 |

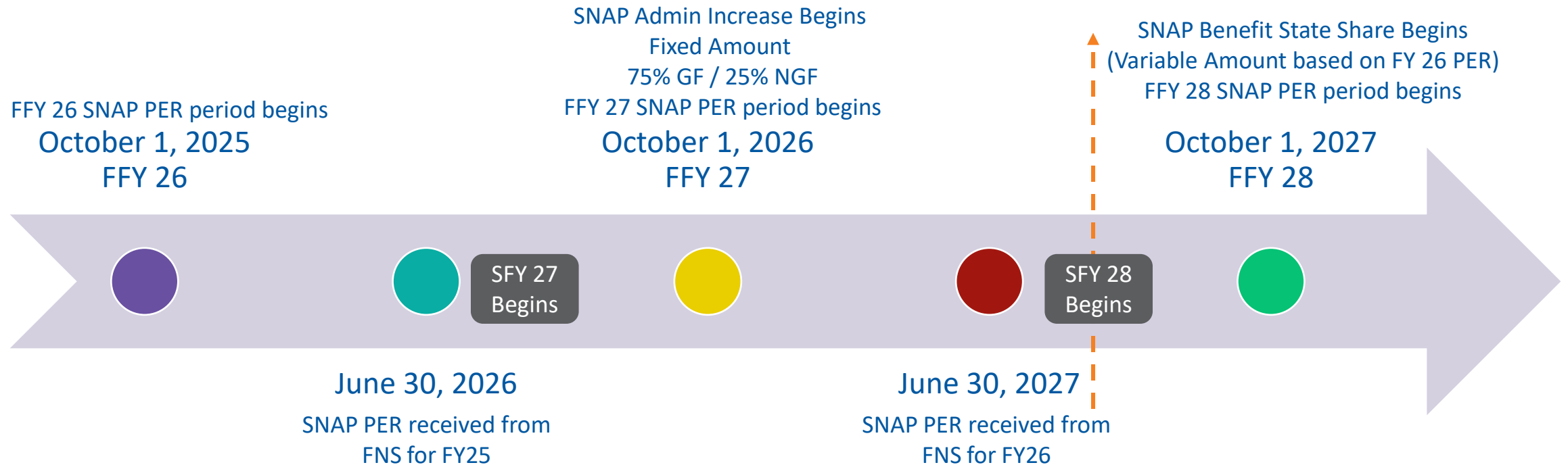
Fiscal Impact to Virginia

New State Match Requirements for SNAP Benefit Costs

- Currently, SNAP benefit allotments (money to households) are 100% federally funded.
- Beginning Oct. 1, 2027, states will be required to match 0-15% of these costs based on their Payment Error Rates (PER).
- This change is a result of HR1
- In 2025, Virginia disbursed \$1.8B in benefit allotments.
- Virginia's error rate for 2024 was 11.50%.
- Assuming no changes, this results in an increase of up to \$270m to Virginia beginning in SFY28.

| Payment Error Rate (PER) | State Match (Share Based on PER) | Approx. Benefit Cost (Dollar Figure Based on PER) |
|-----------------------------|-------------------------------------|--|
| < 6% | 0% | \$0 |
| 6 – 7.99% | 5% | \$90m |
| 8 – 9.99% | 10% | \$180m |
| ≥ 10% | 15% | \$270m |

H.R.1 SNAP Changes



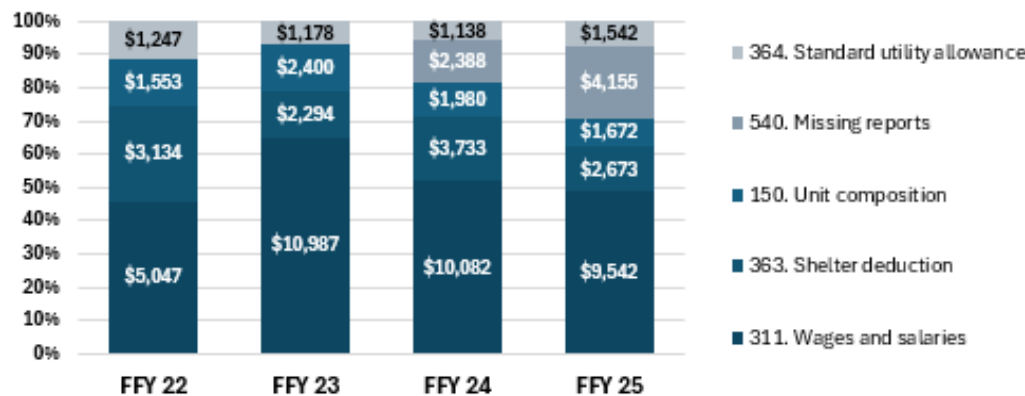
SNAP Payment Error Rate (PER)

- » **SNAP PER measures how accurately state or local agencies determine household eligibility and benefit amounts**
- » **Include: improper payments**
 - An ineligible household receives benefits
 - An eligible household receives the wrong amount of benefits
- » **Examples of errors from departments:**
 - Data or processing errors
 - Missing a household update in calculations
- » **Examples of errors from households:**
 - Inaccurate household composition
 - Inaccurate income information
- » **Does not measure fraud such as:**
 - Illegal sale of benefits, theft of benefits from recipients and retailer application fraud

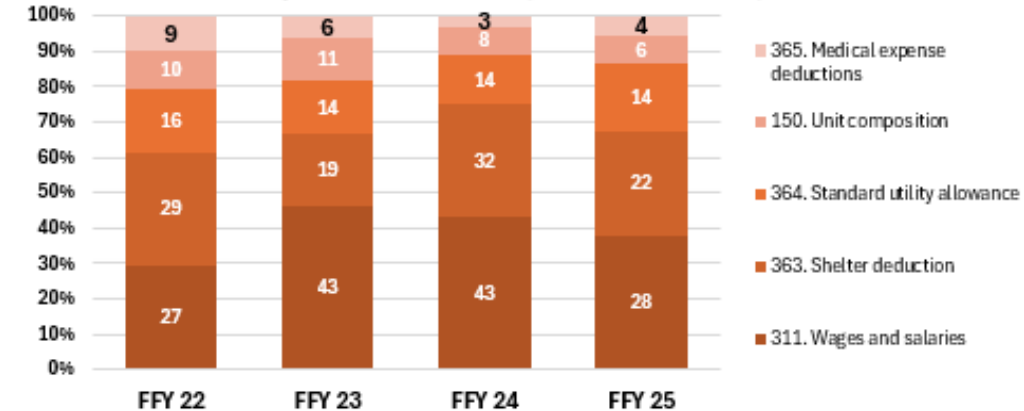
SNAP PER Trends: Errors & Causes

QC data available for
FFY25 through August
2025

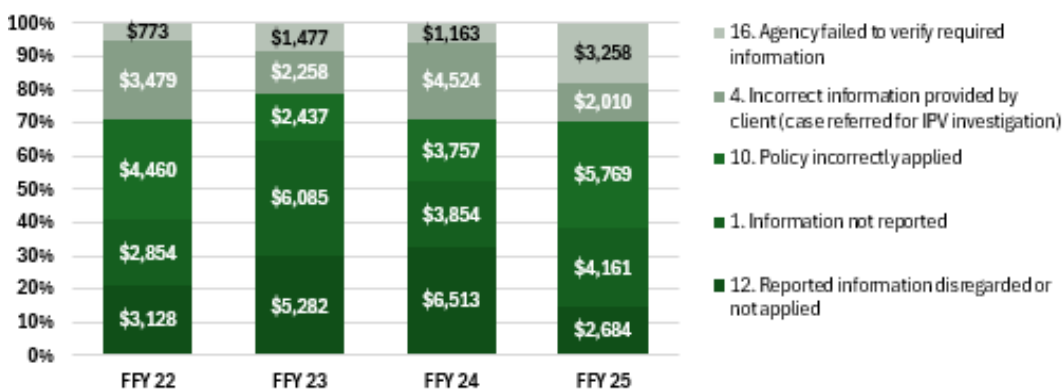
Top 5 Error Elements (Dollar Error Amount)



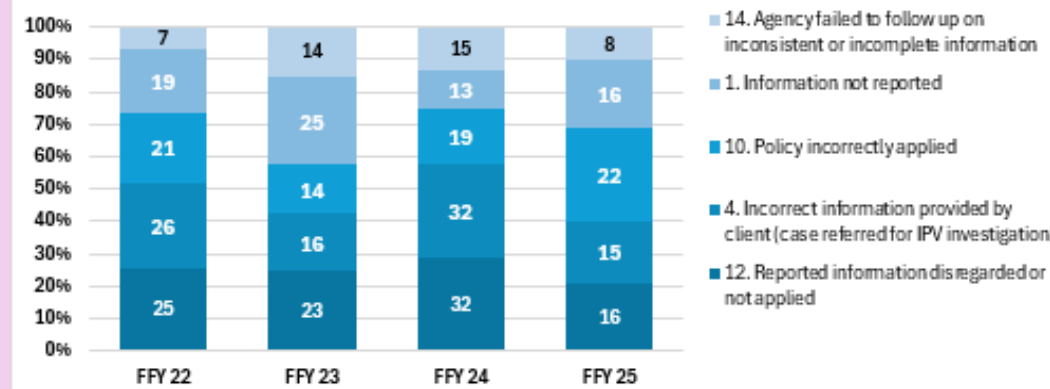
Top 5 Error Elements (Number of Errors)



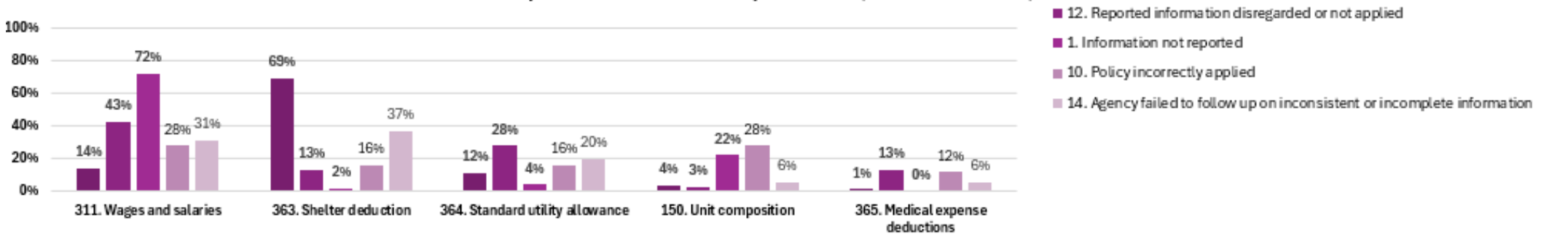
Top 5 Error Causes (Dollar Error Amount)



Top 5 Error Causes (Number of Errors)

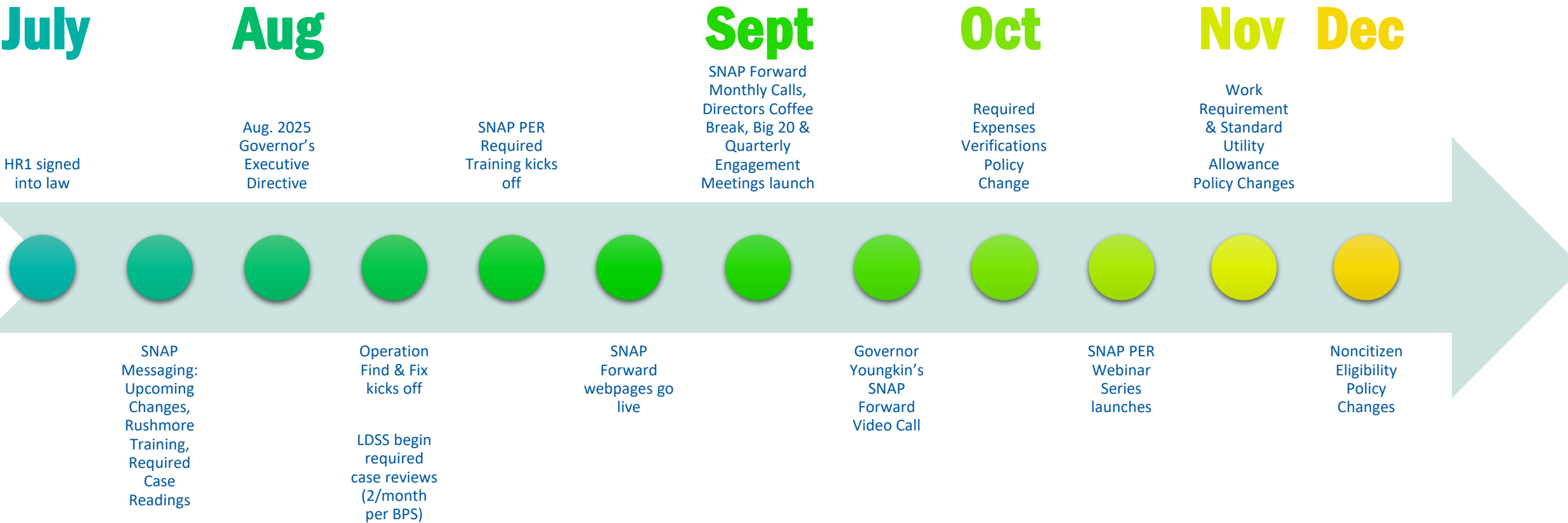


Top 5 Error Elements Vs Top 5 Causes (Number of Errors)



SNAP Forward: Setting the Stage for Success

2025



SNAP Forward: Building on Momentum

Q1 2026

January

**Risk/Error Prediction Model
Testing
KPMG Tiger Teams**



February



March

**Household Composition
Verification implemented in
VaCMS**



Ongoing engagement opportunities, trainings and resource-sharing

Efforts to Reduce the Payment Error Rate (PER)

- **Policy Updates**
- **Training**
 - 99%+ of LDSS SNAP staff completed SNAP Core Training between 8/5/25 and 9/18/25
 - 12 eLearning modules covering interviewing, documentation, policy, eligibility, income, etc.
 - New online *Art of Interviewing* training available in Sept.
- **CQI: Metrics, Data Analysis, Tracking Progress**
 - SNAPshot
 - SNAP Error/Risk Predictive Model
 - Operation Find and Fix
- **Communication, Collaboration, and Engagement**
 - Includes targeted, consistent messaging for key audiences:
 - Local Benefit Programs Specialists
 - Local Supervisors
 - Local Directors
 - Big 20 LDSS'
 - Customer Flyers
- **National SNAP Expertise Support (KPMG through March)**
- **Technology Updates and Tools**
 - Request for Information (75+ Responses)

Fiscal Impact to Virginia

Potential Costs to Virginia - Total

Based on 2025 costs and Payment Error Rates, the potential annual cost to Virginia is ~\$364m.

| Payment Error Rate (PER) | State Match (Share Based on PER) | Benefit Cost (Dollar Figure Based on PER) | Administrative Cost (Flat Increase) | Additional Cost (Benefit + Administrative) |
|--------------------------|----------------------------------|---|-------------------------------------|--|
| < 6% | 0% | \$0 | \$90m | \$90m |
| 6 – 7.99% | 5% | \$90m | \$90m | \$180m |
| 8 – 9.99% | 10% | \$180m | \$90m | \$270m |
| ≥ 10% | 15% | \$270m | \$94m | \$364m |

Amendments included in the Governor's Introduced Budget

» Safe Kids, Strong Families

» SNAP

» Operational Excellence

» Mandated Amendments

» Technical Amendments

Safe Kids, Strong Families Included in GIB

Safe Kids, Strong Families

| Proposal | FY 2026 | FY 2027 | FY 2028 |
|---|---------|-----------------|-----------------|
| Create Centralized Child Protective Services Intake System - Provides funding and positions to establish a centralized referral intake and validity assessment into one function run by VDSS (legislative proposal). | - | \$14,596,414 GF | \$18,080,700 GF |
| Fund Response Priority 1 (R1) for Children Under the Age of Three - Legislative proposal updating the code and guidance on referrals involving youth ages 3 and under. Provides funding for overtime for local workers. | - | \$212,046 GF | \$212,046 GF |
| Fund State Oversight of Social Services - Provides funding and positions to create a statewide accountability framework by establishing Continuous Quality Improvement (CQI) tools and data driven processes to monitor outcomes. | - | \$656,842 GF | \$2,696,234 GF |
| | - | \$218,946 NGF | \$898,744 NGF |
| Enhance Local Family Services Workforce - Provides funding to increase base salaries of Family Services Specialists and supervisors to bring in line with national and local labor market standards to increase competitiveness to retain workers. | - | \$3,456,592 GF | \$3,456,592 GF |
| | - | \$1,536,263 NGF | \$1,536,263 NGF |
| Total Amendments for Safe Kids, Strong Families | - | \$ 20,677,103 | \$ 26,880,579 |

“A call to a child protection hotline, regardless of the disposition, is the best predictor of a later child abuse or neglect fatality. This points to the importance of the initial decision to “screen out” certain calls. Screening out leaves children unseen who may be at a high risk for later fatality.”

David Sanders, Ph.D., Chairman

*Commission to Eliminate Child Abuse and Neglect Fatalities
Executive Vice President, Casey Family Programs*

Resources:

Casey Family Programs (2018) Safe Children strategy brief: What are the elements of an effective hotline system?

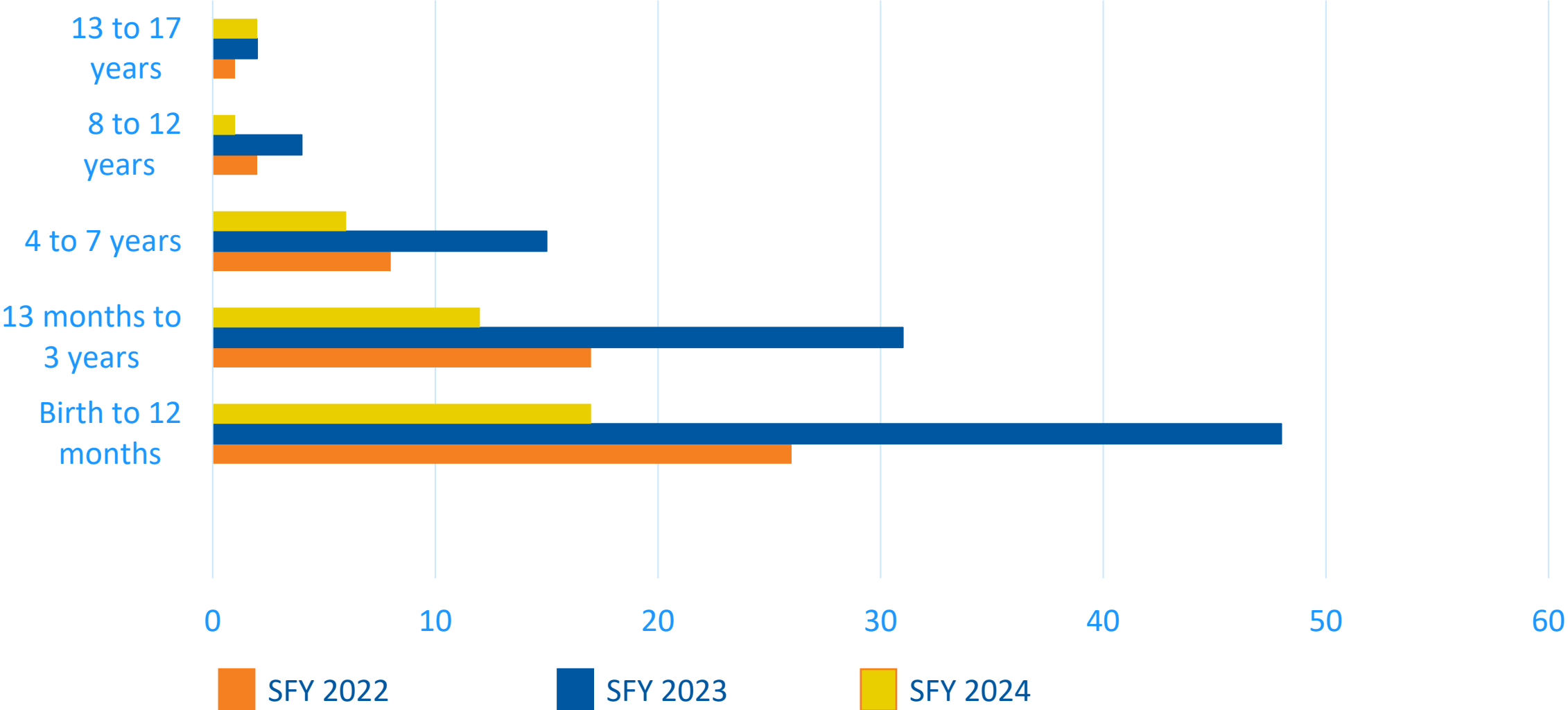
https://www.casey.org/media/SC_Elements-of-an-effective-hotline-system_12.21.17_cm.pdf

Commission to Eliminate Child Abuse and Neglect Fatalities (2016) Within our reach: A national strategy to eliminate child abuse and neglect fatalities.

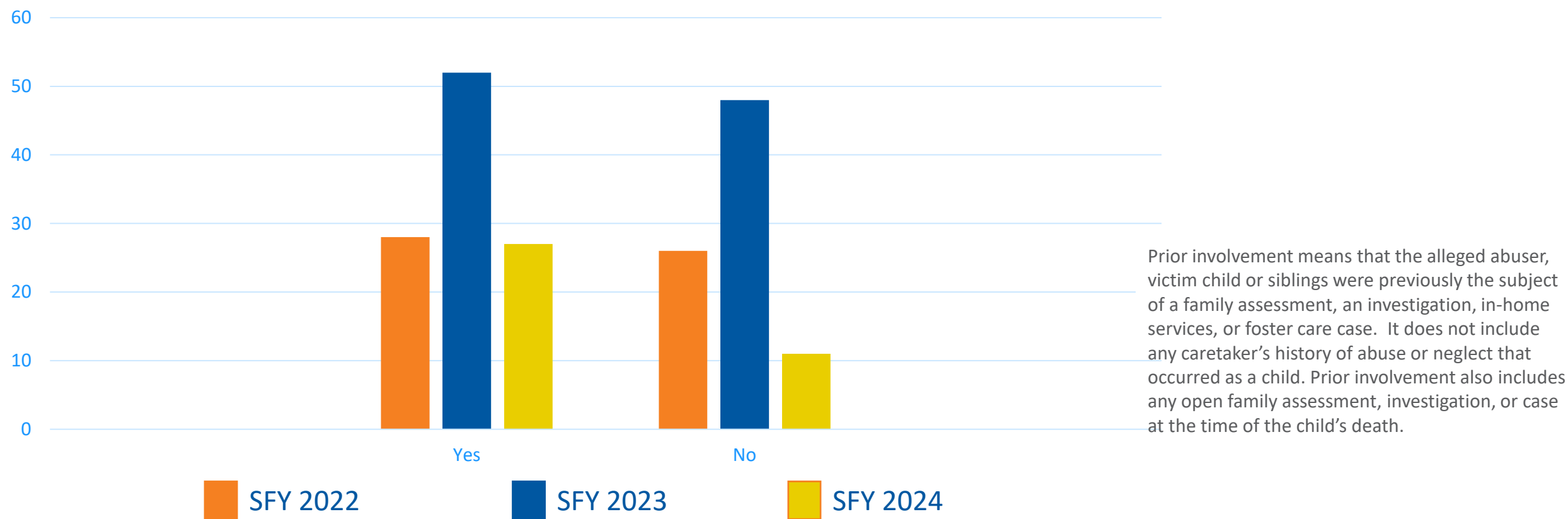
Washington D.C: Government Printing Office

https://acf.gov/sites/default/files/documents/cb/cecanf_final_report.pdf

Virginia Children Who Died from Abuse or Neglect by Age



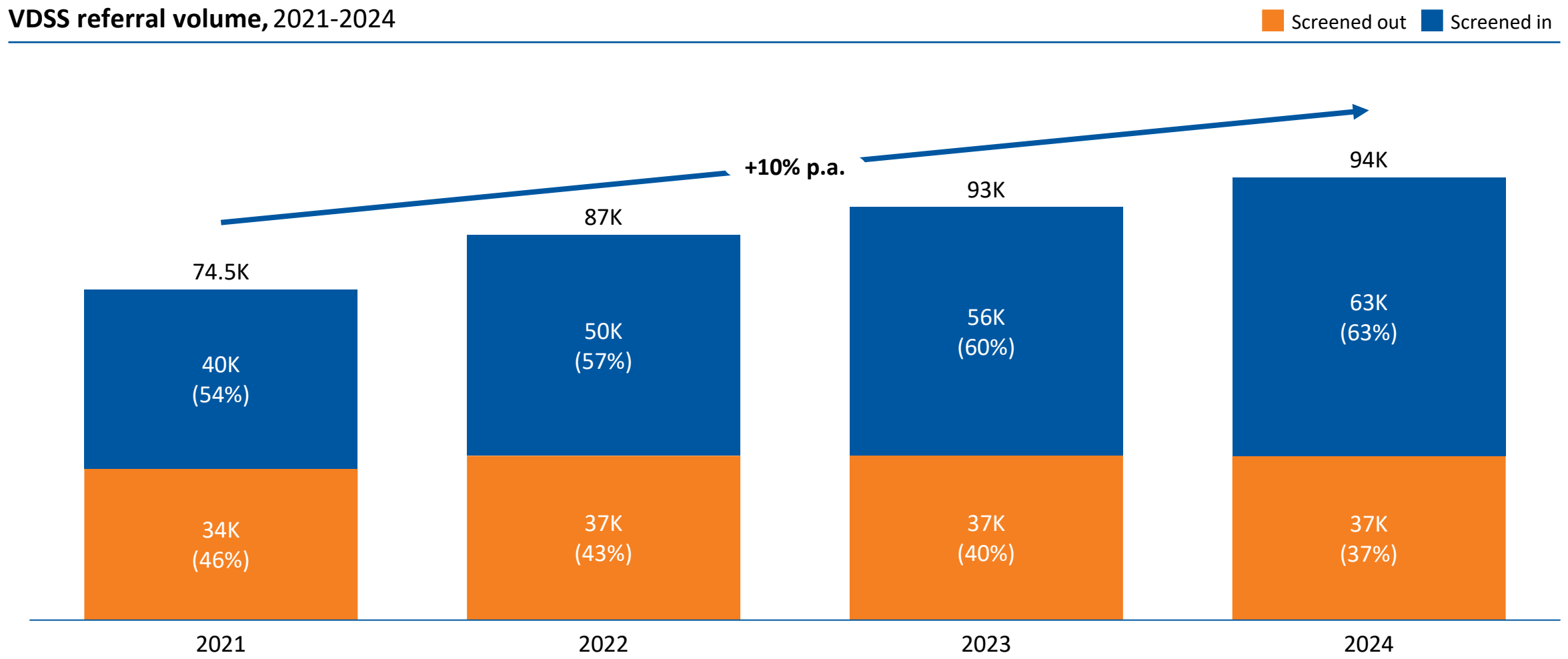
Prior Family Child Welfare Involvement in Founded Child Deaths from Abuse or Neglect



Screened Out Referrals in all Referrals of Child Deaths from Abuse or Neglect

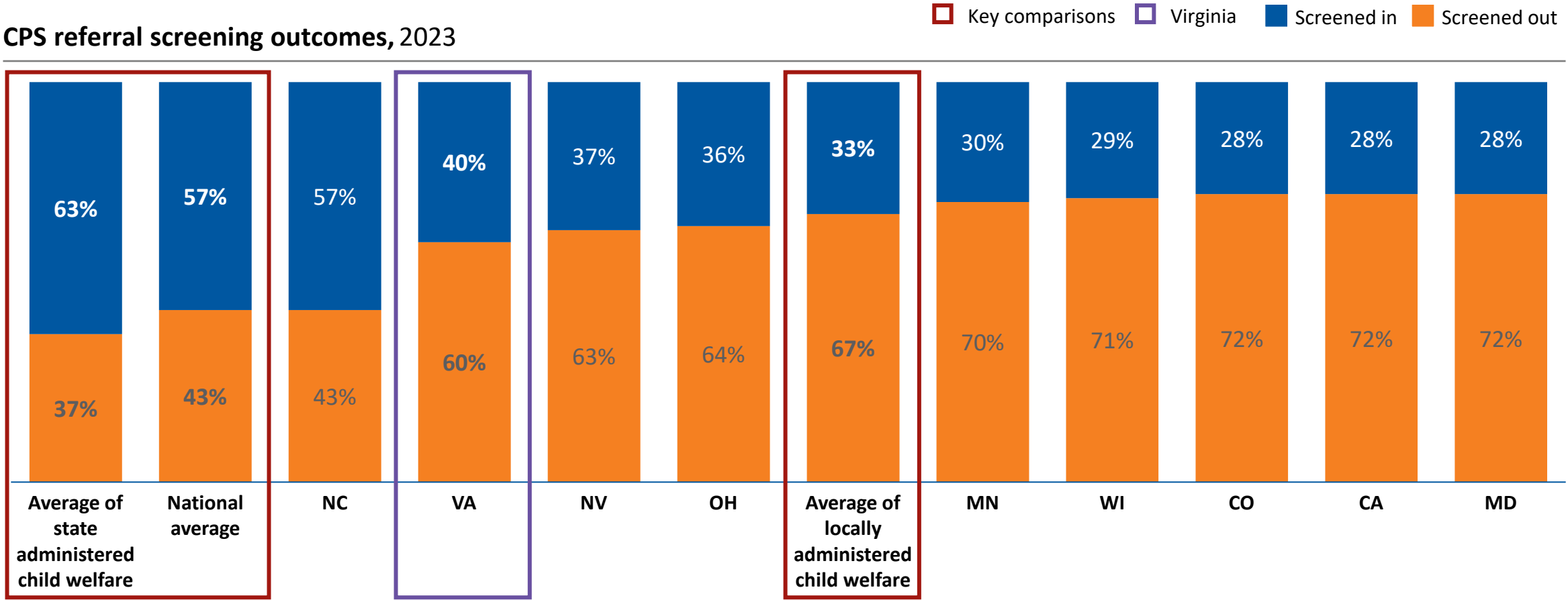
- » 23% of child fatality investigations in Calendar Year 2024 had prior invalid report(s) within the past 12 months.
 - 76% of the referrals had at least one prior screen-out with a reason of Does Not Meet Abuse/Neglect Definition.
 - 18% had at least one screen out with a reason for Duplicate Referral.
 - 15% had at least one screen out reason of Inadequate Information.
 - 6% had at least one screen out reason of Other.
 - 91% of these referrals had more than one prior screen out within the past 12 months.
 - 47% of these referrals had more than one screen-out with multiple screen-out reasons.

Despite referrals increasing since 2021, the total number of referrals screened in for assessment has remained the same



Virginia screens out a larger proportion of referrals than the national average, consistent with other locally-administered child welfare systems^{1,2}

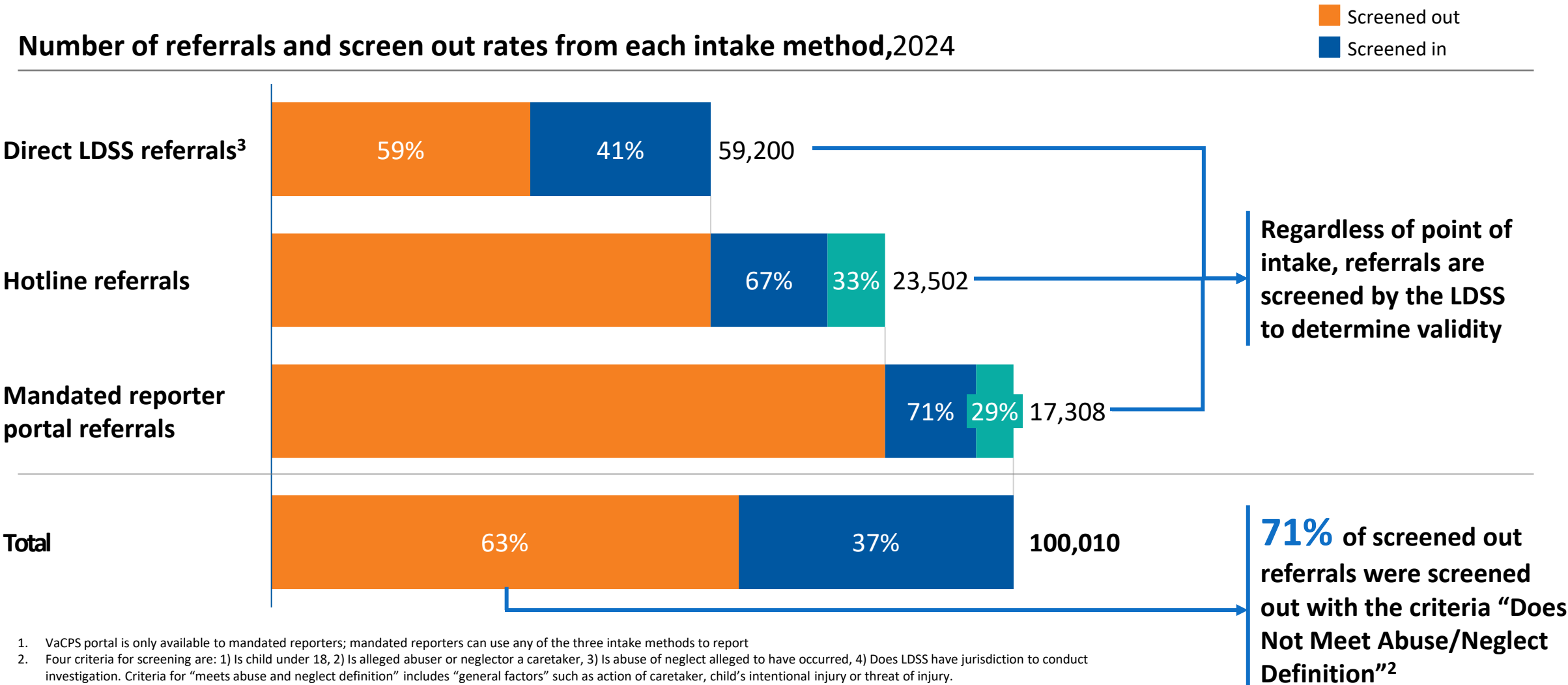
CPS referral screening outcomes, 2023



1. NY, PA, and ND did not report screen out data
2. Referrals determined to be invalid

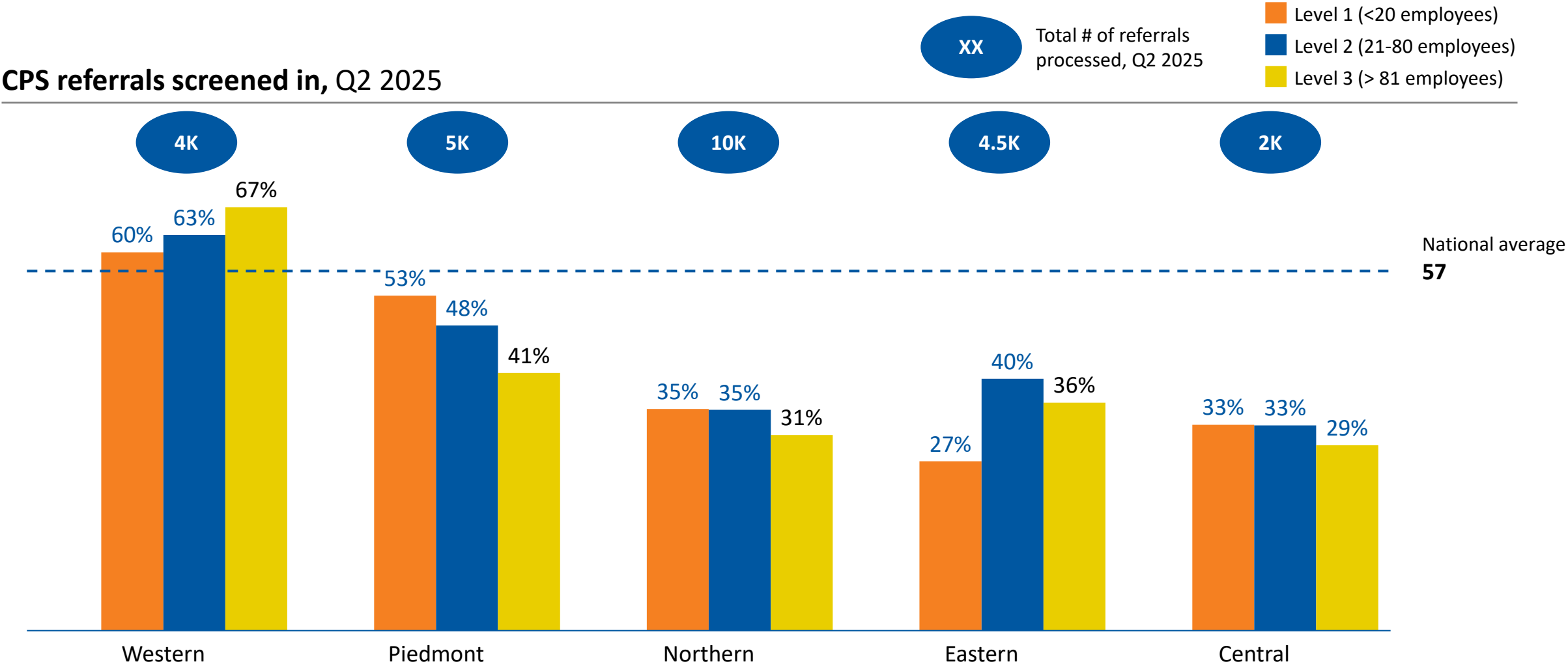
The majority of referrals come from direct LDSS referrals, which has the lowest screen out rate as compared to the hotline and mandated reporter portal¹

Number of referrals and screen out rates from each intake method,2024



1. VaCPS portal is only available to mandated reporters; mandated reporters can use any of the three intake methods to report
2. Four criteria for screening are: 1) Is child under 18, 2) Is alleged abuser or neglector a caretaker, 3) Is abuse of neglect alleged to have occurred, 4) Does LDSS have jurisdiction to conduct investigation. Criteria for “meets abuse and neglect definition” includes “general factors” such as action of caretaker, child’s intentional injury or threat of injury.
3. Referrals called / reported directly to LDSS

Screen in rates vary by region with some above and others below the national average, though there is not a clear trend between LDSS size and rates



Safe Kids, Strong Families Included in GIB

» Create Centralized Child Protection Services (CPS) Intake System (legislative proposal)

- Provides funding and positions to establish a centralized referral intake and validity assessment into one function run by VDSS.
- Through the statewide CPS Hotline and Mandated Reporter Portal, VDSS already receives 41% of all CPS referrals.
- The current system places the entire burden on LDSS to operate and oversee their own intake processes which has resulted in non-standardized intake processes and inconsistent monitoring and evaluation of reports/complaints. Both have contributed to an increase in the number of invalid reports placing Virginia’s most vulnerable children at risk.
- Screen out rates vary significantly from agency-to-agency and region-to-region. For example, during Q3 of SFY25, Central Region screened out 70% of all calls while Western only screened out 39%.
- The inability to recruit and retain local staff is a major contributor towards these inconsistencies thus necessitating a statewide solution.
- By Centralizing the Intake and Validity function, this will create additional local community capacity to respond to complaints of potential abuse and/or neglect.
- 132 New MEL; 67 Part time Staff; hotline contracts and technology

| FY2026 | FY2027 | FY2028 |
|--------|----------------|----------------|
| | \$14,596,414GF | \$18,080,700GF |

Children Under the Age of 3

- » 55.6% of referrals are screened out
- » 86.4% of children are seen timely (a face-to-face interview and assessment conducted within the required response time)
- » 57.6% have an initial safety assessment documented within 24 hours of the first meaningful contact.

Safe Kids, Strong Families Included in GIB

» Fund Response Priority 1 (R1) for Children Under the Age of 3 (legislative proposal)

- Updates the code and guidance on referrals involving youth ages 3 and under, requiring a response time of 24 hours for valid referrals.
- Currently, children ages 2 and under require a response time of 24 hours for valid referrals (since July 2017)
- Provides funding for overtime and on call pay for local departments of social services staff associated with conducting the mandated face-to-face interviews that occur after normal business hours.

| FY2026 | FY2027 | FY2028 |
|--------|--------------|--------------|
| | \$212,046 GF | \$212,046 GF |

Safe Kids, Strong Families Included in GIB

» **Fund State Oversight of Social Services (legislative proposal)**

- Provides funding and positions to create a statewide accountability framework by establishing Continuous Quality Improvement tools and data driven processes to monitor outcomes. It authorizes the Commissioner to issue Corrective Action Plans to and temporarily assume control of local departments of social services that underperform in providing social services to their locality.
- The Corrective Action Plans will provide a higher level of accountability with direct state oversight and support for local departments to improve their provision of social services in their locality.
- DSS oversees more local agencies in total and by region than other state-supervised, locally-administered child welfare systems (120 vs an average of 66).
- VDSS has fewer mechanisms to manage performance and enforce standards than other states. Virginia doesn't have a single state program to enforce standards around: Accountability, Funding, Data and Performance Management, Programming and Service Delivery, Community-based Care.
- The cost includes six (6) full-time staff and legal support to build the new division and establish protocols in FY 2027. In FY 2028, an additional twenty (20) staff including two (2) supervisors are needed to operate the new division providing monitoring of agency compliance and performance, tracking and working the data and change management with local agencies.

| FY2026 | FY2027 | FY2028 |
|--------|-------------------------------|---------------------------------|
| | \$656,842 GF \$218,946 NGF | \$2,696,234 GF \$898,744 NGF |

Safe Kids, Strong Families Included in GIB

» Enhance Local Family Services Workforce

- Provides funding to increase base salaries for Family Services Specialists and Supervisors in local departments of social services to bring in line with national and local labor market standards to increase competitiveness to recruit and retain workers.
- Statewide average vacancy rates for Family Services Specialist I - IV positions ranged from 13 - 27 percent
- Family Services Specialists I have a turnover rate of 47%
- The Family Services Occupational Group has degree requirements established in 22VAC40-670. Individuals employed in the Family Services Occupational Group must possess a minimum of: (1) A baccalaureate degree in the human services field; or (2) A baccalaureate degree in any field accompanied by a minimum of two years' appropriate and related experience in a human services related area.
- Behavioral Health Technicians and Community Health Workers in Virginia, without required baccalaureate degrees make \$63,630 and \$54,420 respectively.

| FY2026 | FY2027 | FY2028 |
|--------|-----------------------------------|-----------------------------------|
| | \$3,456,592 GF \$1,536,263 NGF | \$3,456,592 GF \$1,536,236 NGF |

SNAP Proposals included in the GIB

| Proposal | FY 2026 | FY 2027 | FY 2028 |
|--|---------|--------------------|--------------------|
| Fund the Increase in State Share of SNAP Administrative Costs – Funds the decrease in the federal portion of SNAP administrative costs from 50% to 25% due to H.R.1. The decrease in federal financial participation (FFP) increases the state’s share of administrative costs to 75%. | - | \$43,025,482 GF | \$57,367,309 GF |
| | - | (\$43,025,482) NGF | (\$57,367,309) NGF |
| Establish a SNAP Quality Assurance Team – Funding and 14 positions to establish a SNAP QA Team to monitor and track the SNAP error rate by localities, conduct SNAP QA case reviews to identify case errors and ensure that corrections are made prior to cases being sampled for QC reviews. | - | \$1,145,904 GF | \$1,250,077 GF |
| | - | \$520,865 NGF | \$416,692 NGF |
| Increase SNAP Quality Control Reviewer Staff Salaries – Funding to bring SNAP QC Reviewer salaries in line with their VDSS counterparts with comparable responsibilities. These positions assist LDSS and VDSS in reducing the SNAP error rate. | - | \$555,096 GF | \$605,559 GF |
| | - | \$252,316 NGF | \$201,853 NGF |
| Total Amendments for SNAP | - | \$2,474,181 | \$2,474,181 |

Operational Excellence

| Proposal | FY 2026 | FY 2027 | FY 2028 |
|--|--|--|--|
| Increase Funding for Centralized Postage, Printing, and Courier Services - Provides additional funding to support required printing and mailing functions for the local departments of social services. | <p>\$605,230 GF</p> <p>\$605,230 NGF</p> | <p>\$605,230 GF</p> <p>\$605,230 NGF</p> | <p>\$605,230 GF</p> <p>\$605,230 NGF</p> |
| Total Amendments to support operational excellence. | \$1,210,460 | \$1,210,460 | \$1,210,460 |

Mandated Amendments

| Proposal | FY 2026 | FY 2027 | FY 2028 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Fund the Child Welfare Forecast - Adjusts funding for the costs of providing foster care and adoption subsidy payments based on recent expenditure trends and the impact of child welfare policy changes. | (\$4,413,615) GF (\$4,306,471) NGF | (\$2,803,939) GF (\$3,486,011) NGF | (\$2,946,084) GF (\$1,384,437) NGF |
| Fund the TANF/View Childcare Forecast - Updates appropriation to properly account for the anticipated cost of providing mandated TANF benefits, which includes cash assistance payments, employment services, and Virginia Initiative for Education and Work childcare. | \$ - GF (\$2,350,835) NGF | (\$992,889) GF \$1,286,886 NGF | (\$992,889) GF \$1,286,886 NGF |
| Total Amendments due to Mandates | \$(11,070,921) | \$(5,995,953) | \$4,036,524 |

Technical Amendments

| Proposal | FY 2026 | FY 2027 | FY 2028 |
|--|--------------|-------------|-------------|
| Non-General Fund Appropriations Adjustment - Appropriates the non-general fund portion of the 2026 salary increases for state-supported local employees, increases the federal appropriation for pass through funding at local departments of social services in SFY 2026. Beginning in SFY 2027, only the non-general fund portion of the salary increases for state-supported local employees are included. | \$30,596,218 | \$8,200,461 | \$8,200,461 |
| Rebase Agency Appropriations - Transfers funding between programs to reflect agency reorganization and to reduce the need for administrative adjustments during the budget year. | \$ - | \$ | \$ - |
| Total Technical Amendments | \$30,596,218 | \$8,200,461 | \$8,200,461 |

Additional DSS Funding Needs

- » SNAP Administration ~ \$27.3M in FY27 and \$36.4M in FY28
- » Shortfall – SNAP benefits ~ \$202.5M in FY28 and \$270M beginning in FY29 if the SNAP error rate is above 10%
- » Printing & mailing contract – \$7.5M in FY26; \$8.2M in FY27 and \$9M in FY28
- » SNAP Technology supporting payment accuracy \$15M in FY27 and FY28
- » Enhancements to income verification \$3M in FY27 and FY28

