City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 19, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 57 : ADDITIONAL TECHNICAL ADJUSTMENT TO FY 2008 PROPOSED GENERAL FUND EXPENDITURES FOR COMPREHENSIVE SERVICES ACT (CSA)

This memorandum is a follow up to Budget Memo # 32, Technical Adjustments to FY 2008 General Fund Expenditures, to provide updated information on the need for additional CSA funds.

FY 2008 CSA projected shortfall

Based on experience this year through March 2007, FY 2008 program expenditures are projected to be approximately $8.9 million, with a City general fund share of $5.1 million. The FY 2008 proposed budget was based on our experiences through December and anticipated only $8.6 million in total program expenditures, with a City share of $5.0. **The additional funding required is $123,800 in FY 2008.**

Although there is an increase since the proposed budget was developed, it should be noted that we are projecting costs considerably lower than our FY 2007 currently anticipated City share of $5.5 million. Overall program costs in FY 2008 are projected to be approximately $0.6 million lower than FY 2007, and the City general fund cost is projected to be nearly $0.4 million lower than FY 2007.

State Policy Changes

It is also important to note that a new state policy (released March 27, 2007 to localities) was distributed by the State Departments of Social Services, Mental Health/Mental Retardation/Substance Abuse, and the Office of Comprehensive Services for At-Risk Youth and Families. The new policy cites the Attorney General's December 6, 2006 opinion and the March 2007 JLARC Report in which they concluded that some localities are improperly requiring parents to relinquish custody in order to obtain services funded by the Comprehensive Services Act.

The Alexandria Community Policy and Management Team (ACPMT) met on April 18, 2007, and requests that $500,000 be designated in fund balance as a possible funding source (requiring later supplemental appropriation action by City Council) once this situation

clarifies itself. This request represents a maximum amount of a range from $250,000 to $500,000 and it is based on an estimate that at a maximum about 18 new children may be eligible for CSA funding and one new staff member would be required to manage this caseload. The cost per child is assumed to be equal to that currently estimated for children receiving treatment and residential services in the CSA program. I concur with this recommendation to designate $500,000 in fund balance.

Background

State decisions made years ago when CSA was created determined that children with severe emotional and behavioral problems are eligible for CSA services but not guaranteed funding. State policy had defined only foster care children and those whose educational needs cannot be met as ***entitled*** to services. Funding for these children must be provided in a sum-sufficient amount (both state and local funds) as these categories of children are considered to be "mandated." Children whose needs fall outside of these categories are considered to be "non-mandated" and therefore have access to little or no funding. JLARC reported that in FY 2005, state and local expenditures for mandated children was $263.7 million while $9.5 million was spent on non-mandated children. (Alexandria only has about $95,000 budgeted for non-mandated services in FY 2007.) Therefore, when parents of non-mandated children sought CSA funding, they were frequently unable to receive assistance unless they relinquished custody of their child so that the child's status would become "mandated" as a foster care child.

In reviewing this issue, the Attorney General concluded in his December 6, 2006, opinion that the State's policy violated the State code defining CSA. He further concluded that children who are "at risk" of foster care placement are "mandated" and must have access to the full range of services required to meet their needs. This opinion was support by the March JLARC report and led to the issuance of the March 27, 2007, state policy directive requiring immediate changes in local administration of CSA to conform to new definitions of entitlement.

Impact of New State Policy

Based upon existing survey data, JLARC concluded that the funding implications for both state and local government are unknown in terms of the cost of responding to this new mandate. The local cost concerns are generated by several issues:

- Localities are required to pay a local match on CSA funding. Alexandria pays a 54 percent match for CSA mandated services.
- An unknown number of children will now be considered "mandated" for services."
- An unknown number of staff will be required to serve as case managers for these children.
- No additional funds were provided to assist localities in meeting these mandates effective March 27, 2007.

Response to New Policy

The Office of Comprehensive Services for At Risk Youth and Families facilitated a statewide discussion April 2, 2007, in Richmond regarding these changes in CSA. The meeting included a wide of state meeting, Attorney General's Office, family advocates, local governments, VML and VACO. A second meeting was held on April 11, 2007, with a goal of drafting implementation guidelines that will be reviewed and made available for public comment later this spring. Public comment for sixty days is required by CSA statutory requirements. The expectation of the state agencies is that policy and guidelines will be distributed and made effective no later than August 1, 2007.

Of immediate concern is that the changes in policy are effective March 27 while the implementation guidelines will be made available months later. This leaves the localities operating CSA without clear guidance and therefore with no way to project cost associated with an unknown increase in children accessing funding and the potential need to increase staff to case manage these children.