

FY 2012 Carryover Review September 11, 2012

The Carryover Review is the process to consider the disposition of unspent funds from the fiscal year that has just ended. Each year Carryover gives us the opportunity to learn the results of the fiscal year we just ended and to make the first round of changes to the year we have just begun.

The *FY 2012 Carryover Review* requires that we focus our attention on two major issues; the first is addressing the projected CSB funding shortfall for FY 2013. The second is turning our attention to the challenges facing us for FY 2014 which include the looming federal budget showdown and our own revenue projections which continue to reflect very slow growth.

Addressing the CSB budget shortfall during these last several months has been extremely challenging, especially given the importance and sensitivity of the services that are provided by the Community Services Board, coupled with the timing of the discussion (essentially after the FY 2013 budget was balanced and ready for adoption), and the size of the projected shortfall (currently projected at \$9.5 million).

Reaching a strategy for closing the projected shortfall has engaged us and the community in a manner that has demonstrated our commitment to the “safety net” of services that we value.

I think the resolution I am about to lay out –a combination of reductions, re-designs, and consolidations coupled with funding from the Board’s Reserve established to aid in this process- is a good one. On behalf of this Board I would like to thank members of the Human Services Council, representatives of the Community Services Board, our Human Services Advisory boards, advocates, clients and families for their participation and hard work throughout the process.

I also wanted to make it clear that these issues are serious multi-year budget issues. **We cannot have this happen again.** Addressing the budget issues now and undertaking the Work Plan laid out in the July 3, 2012 memo from the County Executive to the Board will ensure that we can respond very quickly to changing service delivery requirements, reduced revenue collections and increasing fringe benefit costs.

We also will have to continue to look at these, *and all services*, critically each year since we will be facing constrained revenues for the foreseeable future.

During the past week I have spoken with each of my colleagues detailing the package I am about to move. For the listening public, I will provide some specifics on the actions we are taking to close the CSB projected shortfall and to prepare for what we know is going to be a difficult year ahead.

- It is important to note that this Plan will not delay entry into the Early Intervention services of the Infant Toddler Connection, and we will continue to meet service requirements for our existing clients and new graduates of the Fairfax County Public Schools with Intellectual Disabilities.
- While direct Revenue from the Federal Government is about 1 percent or \$35 million of General Fund revenue, there are also significant federal grant dollars in the County's budget and our residents receive important services that are funded by additional federal pass-through dollars, particularly in the human services arena.

Staff is working to identify potential impacts on the County based on a number of scenarios which may result from federal budget reductions and information regarding these impacts will be provided to the Board as available.

In the meantime this package includes a **Reserve of \$8.1 million** which will give the Board the ability to address changes during FY 2013 that could dramatically impact services.

In addition, given the potential refunds from a number of significant tax appeals that we are currently addressing, the County Executive recommended, and the Board endorses, the establishment of a "Litigation Reserve" of \$5 million. The Board has been briefed in Closed Session about the status of a number of these and staff will continue to bring updates to the Board as new information is available.

The one **Consideration item** that we have, related to speeding and unsafe driving in neighborhoods is funded from a new Transportation Reserve.

Based on the **challenging FY 2014 budget development process** that we face I would like to set the stage with some ideas about how to meet this challenge.

As the Board is aware a Budget Committee has been scheduled for November 27, and at that time we will learn more about the Budget Forecast.

While the details will change between now and then, we are currently projecting a shortfall for the next several years that will need to be addressed. **To assist in addressing these projected shortfalls, the County Executive is implementing a multi-year budget process to provide more insight into how decisions in the budget year will impact the following year.**

This multi-year budget will serve as a planning tool to provide us with broader perspective of issues and options by providing a more complete outline of issues that need to be addressed as part of the budget process

As one of the components of budget development for FY 2014 and FY 2015, agencies have been asked to identify spending reduction options totaling 5 percent for each year which will be considered as staff develops the budget.

Another round of budget reductions, on top of multiple years of constrained resources is going to be difficult and I think **it is important that the community be informed and engaged as we consider possible impacts to the delivery of services.** To that end, I am working with staff to plan for community engagement opportunities this fall and winter

These meetings will be designed to *keep our residents informed about the challenges we face and to get their thoughts about how we will continue to move forward in a way that protects the quality of life we value.*

I will announce dates and times once scheduled. For any of you with Budget Groups in your districts please work with Chief Financial Officer Susan Datta to make sure they are provided with up-to-date information about this process.

I will now make the motion for Carryover:

September 11, 2012

**BOARD MOTION
FY 2012 CARRYOVER REVIEW**

Board approval of the Carryover package including Supplemental Appropriation Resolution AS 13022 and Amendment to the Fiscal Planning Resolution AS 13900, including the FY 2012 Carryover Review package as presented on July 31, 2012.

In addition to the adjustments included in the County Executive's recommended Carryover package, the Board approves:

- A. The appropriation of \$200,000, from the Transportation Reserve included in Carryover, to address speeding in neighborhood issues specifically as it relates to traffic calming as well as scheduling a discussion for the development of a neighborhood safe driving campaign/program at the next, to be scheduled Public Safety Committee meeting.
and,
- B. The Plan to address the projected Community Services Board shortfall which includes the use of \$3.02 million from the Federal State Reserve established as part of the FY 2013 Adopted Budget and \$2.38 million of prioritized reductions as follows:

	<u>Community Services Board Plan</u>	
FY 2013 Shortfall		(\$9.48) million
Less: Funding included in Carryover for Fringe Benefits and savings based on actions to date. Of this amount, \$3.5 million reflects an increased General Fund transfer to support increasing Fringe Benefit costs within the CSB.		<u>4.08 million</u>
	Remaining Shortfall	(\$5.40) million

There were a number of CSB reduction options reviewed but not recommended (numbering below as reflected on Attachment 2 to the July 23 memo from the HSC to the Board). These reductions are not included in this Plan and as such:

1. New Horizons will remain open
2. Sojourn House will remain open
3. Emergency Services will continue to be provided at the Gartlan Center
4. Daytime Shift Mobile Crisis Services will continue to be provided
5. The start of Early Intervention Services for Infant Toddler Connection for new admissions will not be delayed. We will continue to actively pursue additional funding required from the State and to maximize opportunities for billing private insurance to offset the County cost of service. In addition, funding has been reserved for ITC projected costs pending any additional funds from the State in response to memo from the Board.
6. Full funding for contracted employment and day services for adults with Intellectual Disabilities (ID) and for new FY 2013 ID graduates is included in the FY 2013 CSB budget.
8. FY 2013 contract rate increases are funded pending final negotiations with individual vendors. The FY 2014 CSB contract process will include only targeted increase as necessary.
13. CSB funding for the contract with Crisis Link will be maintained for FY 2013. As part of the development of the FY 2014 budget, the Board of Supervisors directs the CSB Board to review the service needs regarding "hotline" services and make any necessary programmatic changes to improve integration with CSB's services and use a competitive procurement process to then meet those defined service needs.

This Plan includes the following CSB reductions to address the shortfall, totaling \$2.38 million (numbering below as reflected on Attachment 2 to the July 23 memo from the HSC to the Board):

- 7. Funding will be eliminated for Emergency Services at Northwest Center.** This elimination will make permanent the changes in this program which have resulted from a shortage in emergency staff. An alternate Urgent Service program combining same day psychiatry has been successfully substituted already. This Urgent Service program, combined with the use of the Mobile Crisis Team in the rare instance of

an emergency, and the use of teleconferencing which will be added during calendar year 2012 can also be supplemented with transport to Woodburn if necessary. **This is a redesign which will result in savings of \$97,090 and the elimination of 1 position.**

9. **Limit Prevention Services** (Health Promotion and Wellness) to only those services funded by State/Federal Substance Abuse Prevention and Treatment (SAPT) Block Grant for youth substance abuse prevention and MH First Aide. Twenty-two positions are currently funded in the CSB FY 2013 budget. In an effort to retain mission-critical services, the CSB has continued to reduce the number of positions and the funding associated with the health promotion and wellness unit over the past three years. **The Council has recommended that the Human Services System investigate consolidating the remaining CSB prevention staff and other prevention staff across the system into another agency or create an Office of Prevention Services under the Deputy County Executive.** Such an effort may yield opportunities for cost savings and the development of a county-wide strategy that focuses our limited resources on the most pressing health and wellness issues and at-risk behaviors. **This redesign will result in savings of \$376,395 and the elimination of 7 positions.**

10. **Consolidate Youth Day Treatment Services.** Reduced staffing of Youth Day Treatment Services will result in an increased wait for mental health and substance use day treatment services with those services located outside of Chantilly, impacting 50-60 youth and families. Alternative, less intensive outpatient services will be made available (including at Chantilly site). **Day services for youth will still be available at three other sites across the county. Youth will receive priority access to less-intensive services while waiting for day services. This consolidation will result in savings of \$185,226.**

11. **Maintain existing managed position vacancies** and continue to maintain at this level throughout FY 2013 (equivalent to 10% of the CSB's merit workforce). **The CSB will continually monitor its position coverage** and decide where best to assign positions across the CSB system. Deployed staff might require rapid training to meet licensure and other service requirements. **This management of vacancies will result in savings of \$1,100,000.**

12. **Reduce the planned expanded staffing of the Intensive Community Treatment Teams (ICTTs)** that provide intensive community-based services for chronically homeless individuals that have substance abuse, mental health and medical issues. There are currently 22 positions providing intensive community treatment. **The proposed action eliminates the expansion of this service to three new sites.** The original plan for service capacity was based on the number of CSB-eligible consumers who are homeless or inadequately housed and not benefiting from less-intensive levels of service currently being offered.

Approximately 50-60 homeless individuals per year who could benefit from more intensive mobile mental health and substance use treatment will not be offered services. **Existing services such as homeless outreach and targeted case management will continue to be available.** The CSB will assess service demand and the potential for reconfiguring existing ICTT services to ensure that limited capacity targets available services to individuals most in need of intensive community-based case management and support.

Four existing teams will be maintained, and their potential to collect more revenue as well as their ability to accomplish the services goals will be evaluated. **Improvements in service delivery from efficiency and quality perspectives will be made. This reduction will result in savings of \$619,797 and the elimination of 9 positions.**

Reductions 7, 9, 10, 11, 12 from above totaling: \$2.38 million

Remaining Shortfall (\$3.02) million

Fund Remaining Balance from Reserve for State/Federal Cuts \$3.02 million

The remaining balance in the Reserve is \$1.1 million after Managed Reserve adjustments. This balance will be added to the Reserve for Federal Sequestration.

Remaining CSB Shortfall \$0

As a result of these actions, the following reserves are in place as of the FY 2012 Carryover Review: Reserve for Federal Sequestration Cuts of \$8.1 million, Litigation Reserve of \$5.0 million, Transportation Reserve of \$0.54 million and Reserve for FY 2014 of \$0.74 million.