AGENDA ITEM #7

AGENDA ITEM ACTION REQUEST

	Meeting Date: July 26, 2011 **Meeting Type**: Regular _×_ Special ___
Requestor: ___ Manager ___ City Attorney ___ Department _×_ Other *Comm. Srvcs Bd. (CSB)*	**Item**: Consider approval of State Performance Contract for Community Services Board.
Reviewed: _×_ Manager ___ City Attorney ___ Department _×_ Other *CSB*	**Review:** The contract is between the Harrisonburg Rockingham Community Services Board and the Virginia Department of Behavioral Health and Developmental Services. The Code of Virginia calls for a formal vote on this contract. However, if no action is taken by Council by September 30, 2011, it is considered approved. An executive summary of the contract is attached, along with a comparative budget overview for FY 2011 and 2012. A complete copy of the contract is available upon request.
Recommend: _×_ Yes ___ No ___ Manager ___ City Attorney ___ Department ___ Other *CSB*	
	Attachments: 1. Executive summary and comparative budget overview.

EXECUTIVE SUMMARY

STATE PERFORMANCE CONTRACT

between the
HARRISONBURG-ROCKINGHAM
COMMUNITY SERVICES BOARD
and the
VIRGINIA DEPARTMENT OF BEHAVIORAL HEALTH
AND DEVELOPMENTAL SERVICES

Fiscal Year 2012
(July 1, 2011 – June 30, 2012)

The Virginia Department of Behavioral Health and Developmental Services (DBHDS) enters into an annual Performance Contract with each Community Services Board. The CSB Board of Directors approved the Contract June 14, 2011.

Governor McDonnell has noted, *"While I believe Virginia's behavioral health and developmental services system has come a long way from one that had been largely institutional to one that is now primarily community-based, we still have important work to do to close the gap. There are still problems in Virginia's system of behavioral health and developmental services that have remained unaddressed for many years, and involve operational issues at our state facilities and insufficient capacity to serve those in need of community-based services."*

The FY 2012 Performance Contract package identifies the funding resources budgeted by the CSB, and CSB Board responsibilities in providing services that ensure accountability to DBHDS and quality of care for local residents. As the CSB enters its 39th year, we continue to believe that local citizens who experience mental illnesses, intellectual disabilities, or substance abuse problems deserve excellent community services that help them lead meaningful lives, at home, in their own community.

FY 2012 PERFORMANCE CONTRACT OVERVIEW

The new Performance Contract supports the continuation of existing CSB programs and services in FY 2012, and adds the first full year of operations of Arbor House, our Crisis Stabilization Unit.

FY 2012 Revenue Factors include:

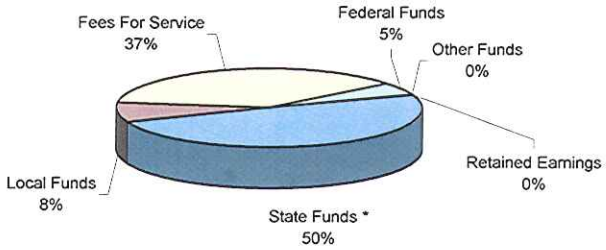
- A modest reduction in state funding of 1.2% (plus continuation of the 10% base state cuts incurred since FY 2009 by DBHDS)
- City funding has been restored to FY 2010 level, as requested by CSB Board
- Annualized restricted funding for the new Crisis Stabilization Program ($700K) is assured, and we will monitor progress in meeting its Medicaid target ($237K)
- A minor reduction in federal funds has occurred (0.2% decrease in FY 2012) but the potential exists for additional reductions in the future
- The state will implement "care coordination" for Medicaid behavioral health services in FY 2013 with unknown revenue consequences. The CSB should see at least a 1 year increase in Medicaid receipts from children's evaluation pilot
- Base revenues will be very similar to FY 2011 levels except for full year of Medicaid receipts from Arbor House operations

FY 2012 Expenditure Strategies adopted by the CSB Board:

- Continue to manage conservatively
- Personnel costs continue to represent 78% of the agency's budget
  - Staffing Arbor House 24 hours a day will add $269K in salary costs
  - A modest pay increase for long-time staff (no raises since 2009) is needed to improve CSB competitiveness in healthcare personnel market and bolster retention, but the pay-for-performance program will remain frozen
  - Fully fund VRS contribution at higher optional rate (from latest actuarial report)
  - Maintain modest health insurance reserve ($28K) in anticipation of higher premium requirements in future
- Maintain most base operating expenditures at approximately existing levels, while adding first year's operating and facility expenses for Arbor House
- Maintain the agency's debt service capacity and modest reserves, but utilize non-obligated funds for one-time expenses to support Electronic Medical Record software purchase and implementation, long-range planning activities, and one-time community initiatives

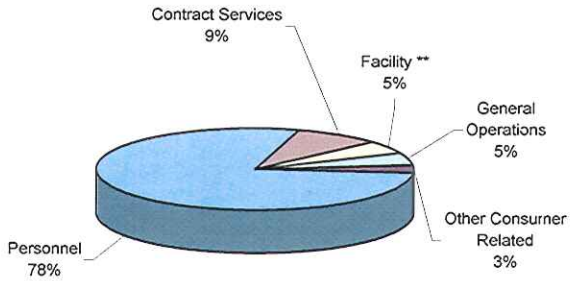
COMPARATIVE BUDGET OVERVIEW
FISCAL YEARS 2011 and 2012

REVENUES	FY 2011	FY 2012	CHANGE
State Funds *	$ 4,669,368	$ 4,612,868	-1.2%
Local Funds	$ 722,506	$ 756,343	4.7%
Fees For Service	$ 3,176,694	$ 3,442,182	8.4%
Federal Funds	$ 490,768	$ 489,868	-0.2%
Other Funds	$ 47,300	$ 37,260	-21.2%
Retained Earnings	$ 5,858	$ -	-100.0%
	$ 9,112,494	$ 9,338,521	2.5%



*Prior to FY 2012 split into unrestricted and restricted funds. Combined in FY 2012.

EXPENSES	FY 2011	FY 2012	CHANGE
Personnel	$ 6,863,711	$ 7,287,857	6.2%
Contract Services	$ 789,788	$ 825,585	4.5%
Facility **	$ 835,229	$ 468,720	-43.9%
General Operations	$ 398,458	$ 440,655	10.6%
Other Consumer Related	$ 225,308	$ 315,704	40.1%
	$ 9,112,494	$ 9,338,521	2.5%



**Building project completed

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