

Proposal for Restoration of Local Social Services Administrative Funds Reduction

Legislative Budget Amendment Brief

The FY11 and FY12 biennium budget calls for a reduction of five percent in local social services agency administrative funding. In terms of critical funding for service delivery, a five percent reduction equals \$5,799,369 in General Fund dollars, or \$17,615,274 in local budget dollars. Across the Commonwealth, local social services agencies have seen unprecedented increases in citizens requesting assistance and help. Because of the state and national economic recession, citizens who have never utilized public assistance programs have found it necessary to file an application because of lost employment or reduced earnings. Evidence of these increases is demonstrated in the following data:

- Households receiving assistance through the Supplemental Nutrition Assistance Program (SNAP) (formerly known as Food Stamps) have increased over 60% since July 2007;
- Applications for SNAP have increased over 70% during that same timeframe;
- One in every 10 persons in Virginia utilizes SNAP assistance to meet their basic nutritional needs. During FY2010, about 1,150,000 individuals, or one in seven Virginians received SNAP. One in five children in Virginia received SNAP during FY2010. In any given month in FY2010, 40 percent of Afro-American children received SNAP;
- TANF (Temporary Assistance to Needy Families) cases have increased by 17% or over 37,000 cases;
- Medicaid enrollees have increased by greater than 14 percent to over 846,528 individuals. More than 54,000 individuals receive FAMIS. During FY2010, about one in seven Virginians received Medicaid, while one in four children received either Medicaid or FAMIS. Half of all Afro-American children received services in June 2010;
- Individuals utilizing assistance programs are primarily comprised of our most vulnerable and needy citizens.
 - Of the 897,771 persons receiving SNAP, 399,306 (44.4%) are children, 120,269 (13.4%) are adults with disabilities, and 66,447 (7.4%) are elderly, for a total of 586,022 (65.2%) persons within these three vulnerable groups.
 - Of the 100,067 persons receiving TANF, 66,678 (66.6%) are children, 9,300 (9.29%) are adults with disabilities, and 242 (.24%) are elderly, for a total of 76,220 (76.1%) persons within these three vulnerable groups.
 - Of the 846,528 persons receiving Medicaid, 521,754 (61.6%) are children, 149,777 (17.69%) are adults with disabilities, and 92,977 (10.98%) are elderly, for a total of 764,508 (90.31%) persons within these three vulnerable groups.

While caseloads and work demands have increased exponentially since July 2007, there has been no increase in administrative funding for local agencies. Increases in caseloads between October 2007 and October 2010, when SNAP households increased 60% and Medicaid increased 21%, resulted in the need for an estimated 936 additional eligibility workers and supervisors just to meet the increased need in the SNAP and Medicaid caseloads. When considering TANF, VIEW, and Energy Assistance, the need would exceed 1000 new workers. In short, local agencies have found it necessary to manage significantly increasing workload responsibilities with the same funding and staff. For some agencies, because of local budget reductions, workforces have actually reduced.

Until the beginning of the current FY11 Budget, because of critical efforts on the part of the state department of social services to protect services to citizens at the local level, local agencies had not experienced a reduction in state administrative funding. Even up to that time, to provide funding for critical required services, many agencies have extensively utilized pass-through funding by which federal funds are matched with increased local funding when state funds are not available. For FY2010, local agencies utilized \$161,315,197 in pass through funding.

Given the significant impact of the recession upon local social services agencies, and given the failure of the economy to recover to date, and given the anticipated continuance of the need for local agencies to meet a heightened level of services for local citizens, restoration is requested of the 5% reduction in administrative funding. A restoration of funds does not provide funding for local agency expansion of administrative capacity to meet the existing high volume demands, but rather simply maintains the existing level of funding and services. A continuance of the planned reduction of funding places agencies at significant risk of being unable to provide timely and accurate services to the Commonwealth's most needy and vulnerable citizens.

	<u>Staff and Operations</u>		
		GF Dollars	Federal Match
<u>FY11 Reductions</u>			
FY2010 Base Budget	116,794,801		
GA Approved Reduction (2.4%)		(2,805,096)	(3,976,710)
 <u>FY12 Reductions</u>			
FY2010 Base Budget	116,794,801		
GA Approved Reduction (2.6%)		(2,994,273)	(4,308,103)
Total Reduction: (5%)		(5,799,369)	(8,284,813)

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