



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of October 23, 2010**

**DATE:** October 12, 2010

**SUBJECT:** Budget Stabilization Funding to Restore the Federal Medical Assistance Percentages (FMAP) Reductions and Housing Grants Shortfall

### **C. M. RECOMMENDATIONS:**

1. Authorize use of the Budget Stabilization Fund to restore state budget reductions stemming from the Federal Medical Assistance Percentages (FMAP) and to address Housing Grants shortfalls.
2. Allocate \$457,615 from the Budget Stabilization Fund (101.450002.91102) to the Department of Human Services (101.54101) to offset the FMAP revenue loss.
3. Allocate \$406,000 from the Budget Stabilization Fund (101.450002.91102) to the Department of Human Services (101.499100.51108) to meet demand for Housing Grants.

**ISSUES:** This is a request to appropriate Budget Stabilization Funds. The funds are needed to meet Housing Grants demand and restore state budget reductions stemming from the FMAP extension shortfall. Use of local funds will ensure continuity of safety net, intellectual disability and in-home care services.

**SUMMARY:** The budget adopted by the Virginia General Assembly counted on Virginia receiving \$417 million from the Federal government through an FMAP extension. The FMAP extension passed in August 2010 by Congress was lower than anticipated. Programs impacted include General Relief, intellectual disability services, and in-home care services for elderly residents. The restoration of state cuts with Budget Stabilization Funds is supported by the Long Term Care Residences Commission, Commission on Aging, Disability Advisory Committee and Community Services Board. Locally funded Housing Grants are a critical component of the County's safety net providing rental assistance to low-income seniors, persons who are disabled and working families with children. Increased demand in the Housing Grants program is projected to create a budget shortfall of \$406,000.

County Manager:

County Attorney:

Staff: Robert Sharpe, DHS

27.

**BACKGROUND:** As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress acted to temporarily increase FMAP payments for all states during the current recession. Each state received a general 6.2 percent increase in its FMAP, and certain states with relatively high unemployment rates received additional increases based on quarterly unemployment statistics.

The 2010-2012 biennium budget adopted by the Virginia General Assembly counted on \$417 million being provided to Virginia through an FMAP extension. The FMAP extension passed by Congress and signed into law by the President in August 2010 provides less funding than anticipated. The FMAP extension will provide the full 6.2 percent increase as provided by ARRA for the rest of the 2010 calendar year. The increase will then be reduced to 3.2 percent from January 2011 – March 2011 and to 1.2 percent from April 2011 – June 2011.

Under provisions included in the state budget, the Governor was granted authority by the General Assembly to determine what additional state reductions would be made to account for the FMAP shortfall. These reductions primarily impact low-income residents, seniors, persons with disabilities and General Relief funding. The proposed restoration of post-FMAP state budget reductions with Budget Stabilization Funds is supported by the Long Term Care Residences Commission, Commission on Aging, Disability Advisory Committee and Community Services Board.

Locally funded Housing Grants are a critical component of the County’s safety net providing rental assistance to low-income seniors, persons who are disabled and working families with children. The number of households applying for Housing Grants has increased by 79, from 931 in October 2009 to 1,010 in October 2010. Increased demand is projected to create a budget shortfall of \$406,000. Without additional funding, the program will have to deny grants to qualified applicants and create a waiting list.

**DISCUSSION:** Budget Stabilization Funds are proposed to restore state cuts as follows:

Item	Description	Net Loss of FMAP funding
General Relief	General Relief Emergency funds provide up to \$500 per household in a six-month period to pay for emergency rent, utilities, clothing, food or burial costs. In FY 2010, 832 clients received assistance from General Relief Emergency funds. Many of these individuals were facing eviction, utility cut-off or were burying loved ones. General Relief is a critical part of the County’s safety net. Restoration of state FMAP reduction in General Relief funding will keep the safety net intact.	\$161,902
Chore/Companion Services	In-home services provide in-home supports for frail, elderly and cognitively impaired individuals. Failure to restore funding could result in premature nursing home placement, poor health outcomes, fewer clients served and a waiting list for services.	\$119,270
5 percent Medicaid Waiver Reduction	Loss of revenue to residential and vocational vendors serving persons with intellectual disabilities. Failure to restore funding will reduce services such as day support, individually	\$85,000

	supported employment and residential services.	
Elderly or Disabled with Consumer Direction Respite	Without funding restoration Arlington families will lose respite hours that provide a break for family caretakers of children and adults with intellectual or developmental disabilities.	\$20,000
Dept of Social Services – Administration revenue reduction	Reduction in state funds supporting social service positions such as eligibility workers, social workers, and administrative support staff. Funding restoration request is needed to maintain current service level.	\$71,443
<b>Item</b>	<b>Description</b>	<b>Local Funding Shortfall</b>
Housing Grants	The number of households applying for Housing Grants has increased by 79, from 931 in October 2009 to 1,010 in October 2010. Increased demand is projected to create a budget shortfall of \$406,000.	\$406,000

**FISCAL IMPACT:** Use of the Budget Stabilization Fund to restore state cuts and meet safety net needs as described above entails the use of \$863,615 in local funds out of \$3,337,528 set aside for unexpected expense or revenue shortfalls. Approval of this request will leave a balance of \$2,473,913 in the FY 2011 Budget Stabilization Fund.