

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 3, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

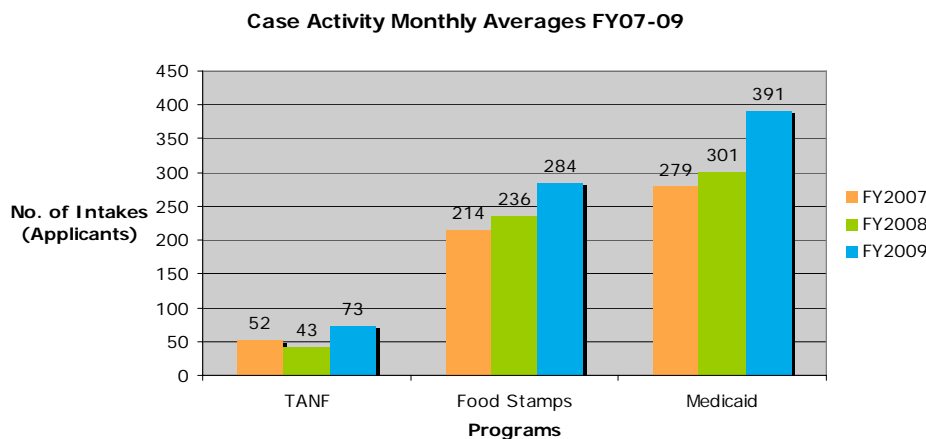
SUBJECT: BUDGET MEMO #19: ACUTE NEEDS AS A RESULT OF ECONOMIC DOWNTURN

This memorandum is in response to a request by Councilman Krupicka for an assessment of the pressing human services needs in our community caused by the economic downturn. In particular, this assessment focuses on basic human needs like shelter (homelessness), food (e.g. Meals on Wheels and food banks), clothing (e.g., Coats for Kids) and basic health care.

The same economic factors resulting in the City's declining revenues directly affects Alexandrians with limited means and little reserves. The impact of the economic downturn has affected all aspects of the human services delivery system. This memorandum discusses the impact on services provided by the City and community human services providers and also addresses the efforts to collaborate to address the needs of citizens in the wake of the declining resources and increasing needs.

Department of Human Services

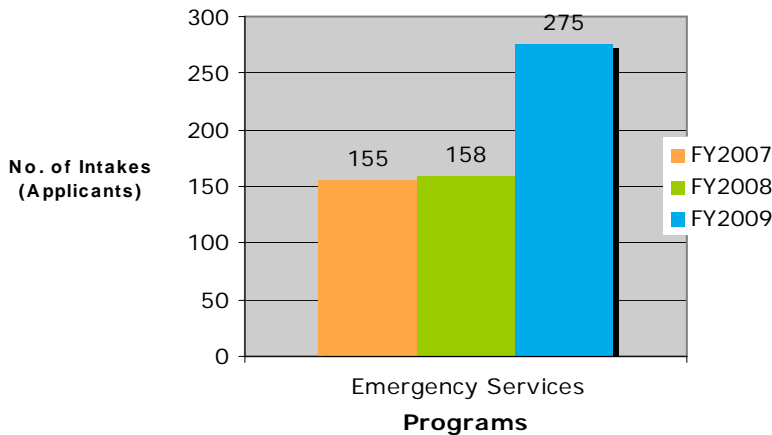
As compared with the same time in prior years, need for public assistance has increased by 17% to 30%. The chart below shows that monthly case averages for Temporary Assistance for Needy Families (TANF), Food Stamps and Medicaid have each shown an increase when compared with the same timeframe for the past two years.



In the City's FY 2009 Budget, the Department of Human Services made the difficult decision to reduce funding to programs in emergency services and general relief. DHS reduced general relief benefits by 50% to a maximum of \$110 per month plus capped the medical portion at \$250 monthly. Thirty-eight applicants were on the waiting list as of February 17, 2009.

As shown below, assistance with immediate and emergency needs such as shelter, clothing, and utilities increased 74% from FY 2007 to FY 2009:

Case Activity Monthly Averages FY07-09

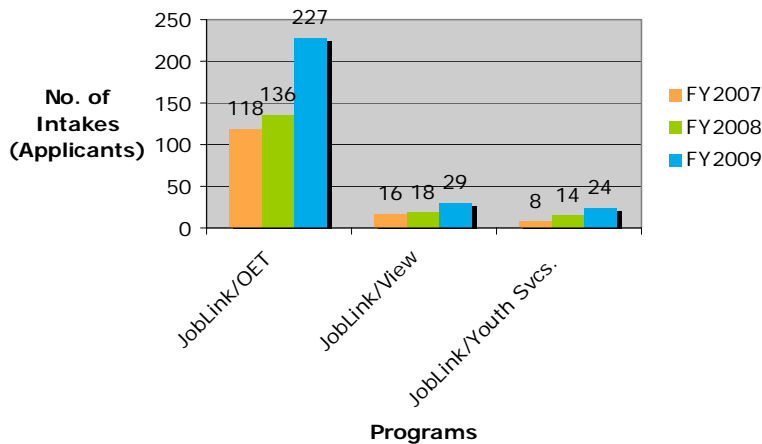


Since money allocated from the FY 2009 General Fund in Emergency Services Program exceeded the grant required match, reductions were made to this program as part of the FY 2009 General Fund budget reductions. This resulted in a decrease in the number of clients served and safety net services provided. Priority was given to providing services for the most vulnerable populations such as families with minor children, seniors and disabled individuals. DHS was unable to serve over 50 clients for short term emergency services due to the FY 2009 rescissions. This included services to: (1) singles applying for rent or utilities; (2) those in subsidized housing applying for rent; and (3) those applying for repeated prescription assistance. The Homeless Intervention program served 82 clients in FY 2008, from July 1 through January 31, as compared with 51 clients in FY 2009 for that same period. The reduction in households served relates to an increase in the longevity of each household's need for assistance.

Year-to-date, Community Services has experienced a 29% increase in requests for emergency food assistance from food banks, as compared with the year-to-date total for this same period last fiscal year. Area food banks indicate increases anywhere from 20 – 40%, depending on the month.

At JobLink, the number of applicants seeking employment services has increased 67%. The average number of clients using the Resource Center has increased from 50 to 70 clients daily. The total number of customer visits from October to December 2008 increased 45% over the same period October to December in 2007.

Case Activity Monthly Averages FY07-09



Low-income and underemployed individuals will have difficulty maintaining employment due to the loss of funding for child care. Reductions in the area of subsidized child care have severely limited the access of affordable child care for low income working families. The Fee System waiting list as of February 24, 2009, stood at 272 families and 363 children. The market rate cost for a preschool age child is more than \$1,100 per month and higher for infants and toddlers. A parent earning \$12 per hour grosses \$2,064 per month when working 40 hours per week.

For FY 2010, staff proposed a \$470,000 reduction to the fee system. This is the result of moving eligibility from 250% of poverty to 185%. As current children rotate off, all new children will be at the lower end of the poverty scale. However, staff is hopeful that the ARRA stimulus funds will provide additional resources to offset this reduction and allow the department to avoid the need to change the eligibility limit from 250% to 185% of poverty.

The City utilized a soft hiring freeze on all vacant positions to address a projected shortfall in the FY 2009 Budget. As caseloads are increasing, DHS prioritized frozen positions to protect essential child and adult protection activities. Frozen positions have resulted in higher caseloads at a time when need is increasing. This is an area being closely monitored.

Alexandria Health Department

The economic downturn has also had an impact on health care services in Alexandria, as the number of persons seeking health and mental health services has increased. The Health Department reported an increase in the number of unduplicated pregnant women or prenatal care patients from 376 for the last quarter of 2007, October to December, to 437 for the same time period in 2008. This represents a 16% increase.

The WIC program has seen a 13% increase in the total number of persons enrolled, rising from 2,832 for the period October to December in 2007 to 3,251 for the same period in 2008. The number of pediatric visits increased eight percent, rising from 1,388 in 2007 for the three month period October to December to 1,496 in 2008 for the same period.

Department of Mental Health, Mental Retardation, and Substance Abuse

The Department of Mental Health, Mental Retardation, and Substance Abuse is experiencing similar increases in the number of residents seeking services. As compared to the same time last fiscal year, 20% more residents have sought mental health, mental retardation, and substance abuse services.

A recent University of North Carolina at Greensboro study confirmed that a recession increases mental health problems. While not all of the increase can be attributed to the recession, it is a significant factor. Forty-two (42) percent of our MHMRSA consumers earn less than \$10,000 a year, and have few, if any, alternatives to receive mental health services elsewhere.

Office of Housing

Landlord-Tenant complaints from households seeking assistance with evictions increased 32.2% in Calendar Year 2008 over 2007, increasing from 214 households to 283 households in 2008. In the first two months of this year, 47 households sought assistance with evictions (January 1 through February 27, 2009.)

Requests to the Office of Housing for foreclosure prevention counseling have increased significantly over the past two years. The increase in foreclosure activity has created exceptional homeownership opportunities for well-qualified low-income home buyers (including some households with incomes below 50% of median) over the past eight months. Among these successful purchasers are one former resident of public housing, and two Housing Choice Voucher holders (formerly the Section 8 Voucher Program). Approximately 46% of purchasers in the City's Homeownership Assistance Program (16 of 35 settled loans) and 33% of Moderate Income Homeownership Program participants (8 of 24 settled loans) have purchased foreclosures or short sales during FY 2009, thereby helping reduce the inventory of unsold homes in the City.

In 2008, two Office of Housing staff completed training leading to certification in foreclosure prevention counseling. In addition, the Office has held three foreclosure prevention clinics and continues to work with Housing Counseling Services to ensure that City residents have access to their ongoing counseling at no cost to the City or the client. The Office is now working with Legal Services of Northern Virginia (LSNV) to expand City resident awareness of their Foreclosure Legal Assistance Program (FLAP) which serves higher income groups than traditionally served by LSNV.

Non-Profit Community Human Service Providers & Alexandria City Public Schools

The City, Alexandria Public Schools (ACPS) and community human service organizations collaborate in providing a safety net for the City's most vulnerable residents, through its leadership and participation in the Alexandria Council of Human Service Organizations (ACHSO). Currently, there are approximately 40 member organizations. This group, which is made up of City, ACPS, community nonprofit human service organizations and foundations,

conducted a short survey to assess the current needs of member agencies in light of the current fiscal climate.

The ACHSO survey found that 47% of the members provide direct services categorized as “Basic Needs (temporary assistance, shelters, food provision, etc.)” Eighty seven percent of the survey respondents indicated that their response to current economic challenges will be to “ride out and make necessary adjustments as needed”; 45% are likely to “make reductions in services/programs”; 29% will “reduce staff levels”; and 25% will “shift operating responses from staff to volunteers”. ACHSO members are exploring ways agencies can increase their collaboration and sharing at every level, including sharing programs, resources, technical information, space, and shared administration/back office functions, in order to meet the increasing client needs.

To further underscore the impact of the economic downturn, the Alexandria City Public Schools report that over half of the student population, 53%, is eligible for free or reduced price meals for the current school year. This represents a steady increase when compared to 51% in 2007, and 49% in 2006.

The American Recovery and Reinvestment Act of 2009

As City Council is aware, President Obama has signed The American Recovery and Reinvestment Act of 2009, commonly referred to as the stimulus bill. The stimulus bill provides \$787 billion in federal aid to address the current economic crisis and fiscal challenges facing state and local governments.

The Department of Human Service’s preliminary review of the bill indicates that it will increase the SNAP (Food Stamp) benefits by raising maximum allotments by 13.6% of the June 2008 value of the Thrifty Food Plan. This increase will be effective April 1 through September 30, 2009 and will increase the benefits of a four-person household by \$80 (from \$588 to \$668). In addition, the DHS anticipates increased funding for homeless intervention, child care and employment programs, which will mitigate some of the impact of the proposed reductions in the FY 2010 Budget. DHS staff will continue to monitor and track the allocations of these funds to ensure that Alexandrians derive maximum benefits from these funds.