



**HAMPTON-NEWPORT NEWS
COMMUNITY SERVICES BOARD**

**Fiscal Year 2025
Budget Review
Budget, Finance and Audit Committee**

Presentation Agenda

- ✓ Annual Operating Budget
- ✓ Budget Principles
- ✓ Budget Environment
- ✓ Budget Assumptions
- ✓ Budget Highlights
- ✓ Concerning Budget Trends
- ✓ Summary

Annual Operating Budget and Budget Principles

- Budget requires formal approval of the HNNCSB Board of Directors
- Budget requires formal approval of the Performance Contract by HNNCSB Board of Directors and the cities of Hampton and Newport News
- To the extent possible, programs should be self-supporting, maximizing earned revenue
- Programs should economically and efficiently apply capital, human and support resources, and eliminate or reduce expenses where possible
- State and Local funds along with Program revenue, supports services for individuals with no payer source
- Programs/services are monitored and right sized to assure that there is sufficient revenue to cover the cost of services

Key Areas of Focus FY 2025

Maintain and strengthen fiscal health, through sound budgetary and accounting practices, in order to ensure financial security

- Maximize existing revenue streams and pursue further revenue diversification and expansion of services to meet the needs of the populations served
- Continue to adapt to changes in payer regulations to remain in compliance with State, Local and Third-Party payer guidelines
- Enhance financial reporting to provide fiscal transparency to agency leadership and external stakeholders

Key Areas of Focus FY 2025

Apply resources to strategic areas that improve provision and access to behavioral healthcare services

- ❑ STEP Virginia ongoing implementation to increase access, quality, consistency and accountability in the public mental health system
- ❑ Inclusion of the Governor's Right Help, Right Now Plan created to reform the behavioral health system in Virginia
- ❑ Ongoing Behavioral Health Crisis Services - Services designed to respond to crisis when and where they occur. Prevent and divert individuals from state hospitalization by increasing access to care in the community.
- ❑ Analysis of Data through ongoing development and utilization of Operational Dashboards and Reporting

FY2025 Budget Summary

Revenue by Source	Amount	Program Expenses	FY2025	Expenses by Category	Amount
State	\$ 43,498,637	Crisis Services	\$ 16,231,757	Personnel	\$ 52,563,363
Federal	\$ 5,071,698	Adult MH Therapy/Medication	\$ 6,936,150	Facilities	\$ 8,631,900
Local	\$ 6,721,828	Children's Therapy/Medication	\$ 3,116,679	Equipment	\$ 4,800,795
Fee	\$ 31,465,406	SA Outpatient	\$ 5,965,078	Travel	\$ 503,854
Other	\$ 1,779,448	MH/SA Residential	\$ 2,888,172	Consultant	\$ 5,376,475
		Prevention	\$ 742,249	Client Support	\$ 2,463,910
		Case Management	\$ 13,143,167	Family Support	\$ 15,556
		IDDS Day	\$ 1,769,990	Contract Programs	\$ 13,321,864
		MH Day	\$ 996,372	Miscellaneous	\$ 859,300
		IDDS Residential	\$ 10,740,772		
		Consumer Support Services	\$ 9,352,076		
		Contracted Physician Services	\$ 218,922		
		Peer Initiatives	\$ 447,643		
		Specialized Projects	\$ 7,755,330		
		Regional Programs	\$ 8,232,660		
	\$ 88,537,017	Total Program Activities	\$ 88,537,017		\$ 88,537,017

FY2025 Budget Assumptions

Five areas considered during budget development

Strategic Plan Initiatives

Program Revenue / Investments

Operating Expenses

Staff Compensation

Budget Environment Challenges / Priorities

Strategic Plan Initiatives

- ❑ Strengthen our financial viability while operating within an ever-changing external environment and in the context of Virginia's evolving behavioral health landscape
- ❑ Continuation of Outcomes Measurement and Best Practice Development based on data driven decisions
- ❑ Develop new services and modify or expand existing service array to meet the needs of the community we serve
- ❑ Maintain our Workforce
 - ❖ Address recruitment, retention, and employee engagement, to develop opportunities and career paths which further our reputation as an employer of choice
 - ❖ Enhance training opportunities for staff

Program Revenue

- **Local Funding** – level Local Match funding in both localities, Hampton and Newport News
- **State Revenue** adjusted for new initiatives
 - STEP-Virginia funded initiatives for Psychosocial Rehabilitation, Case Management, Care Coordination and Infrastructure
 - Ongoing utilization of reimbursement structure for state administered federal funds
 - Impact of change in Behavioral Health Administration on funding initiatives and priorities
- **Fee Revenue**
 - HNNCSB Clinical and Administrative program and service model review – conducting a stringent review to consider agency priorities, relative effectiveness and operational efficiency
 - Medicaid rate increases for Outpatient Therapy and specified Behavioral Health Services
 - SEFP – temporary relocation and reduced census during NNRHA renovations.
 - Hampton City Schools program – grant funding ends FY2024

FY2025 Changes in Revenues

Revenue by Source	FY2024	FY2025	Change
State ***	\$ 32,687,754	\$ 43,498,637	\$ 10,810,883
Federal	\$ 6,061,852	\$ 5,071,698	\$ (990,154)
Local	\$ 5,297,693	\$ 6,721,828	\$ 1,424,135
Fee	\$ 31,550,554	\$ 31,465,406	\$ (85,148)
Other	\$ 3,731,195	\$ 1,779,448	\$ (1,951,747)
Total Revenue	\$ 79,329,048	\$ 88,537,017	\$ 9,207,969

***\$6,500,000 - increase in Regional Housing Funds in State Revenue

FY2025 Revenues

Core and Regional Programs

Source	CSB Operated Programs	Regional Fiscal Agent	CSB Core Programs	Total CSB FY2025
State ***	\$ 3,112,260	\$ 14,732,660.00	\$ 25,653,717	\$ 43,498,637
Federal	\$ -	\$ -	\$ 5,071,698	\$ 5,071,698
Local	\$ -	\$ -	\$ 6,721,828	\$ 6,721,828
Fee	\$ 1,302,751	\$ -	\$ 30,162,655	\$ 31,465,406
Other	\$ -	\$ -	\$ 1,779,448	\$ 1,779,448
Total Revenue	\$ 4,415,011	\$ 14,732,660	\$ 69,389,346	\$ 88,537,017

***\$6,500,000 - increase in Regional Housing Funds in State Revenue

Operating Expenses / Investments

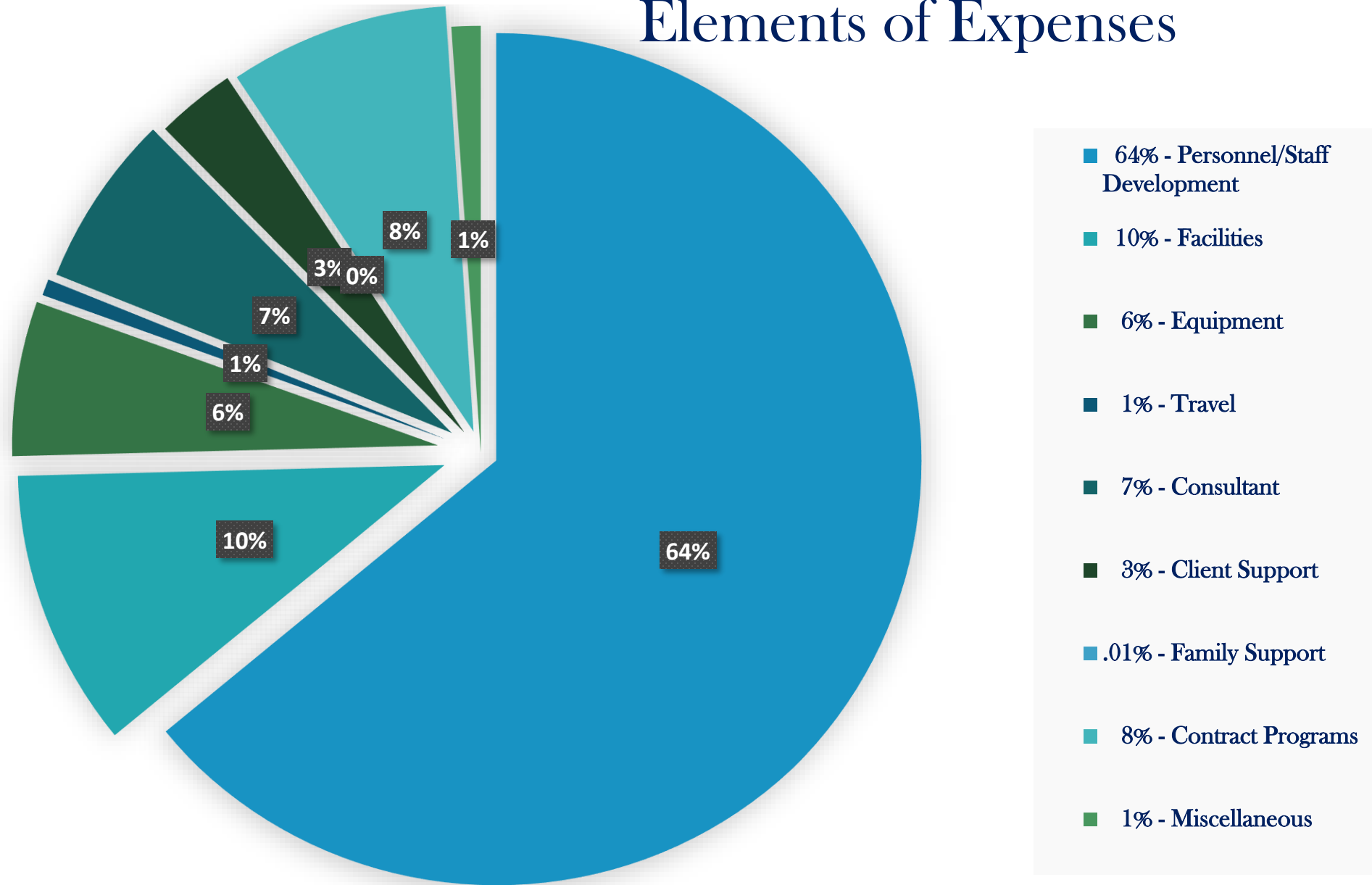
- Maintain Administrative Costs Below 15% in accordance with the DBHDS performance contract
- Management of Operating Reserve
 - Allocation of additional funds to grow our operating reserve funds with minimum risk
 - Ongoing reinvestment of Certificates of Deposit
- Ongoing impact of New Electronic Health Record
- Increase in technology expenses to enhance, secure and manage agency software systems
- Utilization of Capital Reserve Funds to address facility maintenance
- Maintain vehicle fleet and acquire/replace vehicles
- Enhance collaboration efforts and address ongoing priorities of the localities we serve with the development of a Community Outreach Team and expanding our school based programs
- Development of Trauma-Informed system of care to address emergent behavioral health needs within the community

FY2025 Program Expenses Comparison

Program Expenses	FY 2024	FY 2025	Change
Crisis Services	\$ 12,340,706	\$ 16,231,757	\$ 3,891,051
Adult MH Therapy/Medication	\$ 6,659,895	\$ 6,936,150	\$ 276,255
Children's Therapy/Medication	\$ 4,827,566	\$ 3,116,679	\$ (1,710,887)
SA Outpatient	\$ 5,808,188	\$ 5,965,078	\$ 156,890
MH/SA Residential	\$ 2,947,669	\$ 2,888,172	\$ (59,497)
Prevention	\$ 844,360	\$ 742,249	\$ (102,111)
Case Management	\$ 12,992,170	\$ 13,143,167	\$ 150,997
IDDS Day	\$ 1,629,913	\$ 1,769,990	\$ 140,077
MH Day	\$ 978,526	\$ 996,372	\$ 17,846
IDDS Residential	\$ 10,466,005	\$ 10,740,772	\$ 274,767
Consumer Support Services	\$ 8,991,305	\$ 9,352,076	\$ 360,771
Contracted Physician Services	\$ 201,006	\$ 218,922	\$ 17,916
Peer Initiatives	\$ 504,157	\$ 447,643	\$ (56,514)
Specialized Projects	\$ 2,670,731	\$ 1,255,330	\$ (1,415,401)
Regional Programs **	\$ 7,466,851	\$ 14,732,660	\$ 7,265,809
Total Program Activities	\$ 79,329,048	\$ 88,537,017	\$ 9,207,969

*** \$6,500,000 - increase in Regional Housing Funds

Elements of Expenses



Staff Compensation

- Staff Compensation
 - Budget includes a 5% COLA for staff effective July 2024.
 - 5% Increase in base rate of pay scale
 - Increased the agency's starting pay grade from \$14.22 to \$15.37
 - Maintain payroll lag at 2%

- Fringe Benefits
 - Increase staff development and training focus
 - Maintain current health insurance plan with no rate increase for employees.
 - Maintained FY2024 health insurance allocation per employee for FY2025. FY2024 budgeted allocations were in-line with expenses for the year.
 - Reinstated the President's Day holiday
 - Continue to promote our wellness and preventive initiatives, Employee Assistance Programs and Financial and Retirement planning opportunities

Budget Environment Challenges / Priorities

- Responsive to the Behavioral Health needs of our two Cities
- Managing Department of Behavioral Health and Developmental Services (DBHDS) Initiatives and being responsive to the Behavioral Health Administration
- Decrease in caseloads to accommodate documentation requirements, meet the increased needs of consumers we serve with and allow participation in inter-disciplinary teams surrounding client care.
- Program sustainability where costs exceed the reimbursement rate
- Changes in operating environment and regulatory requirements impress the importance of staff recruitment and retention, Continual changes in fee structure and reimbursement guidelines
- Expansion of Behavioral Health Crisis Services - The development of a community-based crisis system that responds to crisis when they occur.
 - Opening of the Crisis Receiving Center
 - Marcus Alert initiatives
- Analysis of Data through ongoing development and utilization of Operational Dashboards and Reporting

Budget Summary

- The FY2025 Budget maintains high quality community programs that are responsive to our communities within available funds
- The FY 2025 budget continues to balance the fiscal constraints of the agency along with service delivery model of the State
- The FY2025 budget continues stewardship of public resources by providing effective and efficient services in a challenging financial environment