

Memorandum

TO: The Honorable Mayor and Members of City Council

VIA: Betty Jean Meyer, Deputy City Manager
Finance and Administration 

FROM: Steven Jenkins, Budget Director 

DATE: September 1, 2011

SUBJECT: State Mandates Adversely Affecting Chesapeake

Recently Councilwoman Kelly requested information concerning mandates that adversely impact City government. The request was made in connection with her work on the Governor's Commission on Reform and Restructuring. We have canvassed department leaders throughout the City and have compiled a list of recent mandates that we feel are onerous or difficult to implement. The report is contained here.

Should you have questions or require further information, please contact me (382-6604).

SJ
Attachments

c: William E. Harrell, City Manager
Amar Dwarkanath, Deputy City Manager
Wanda Barnard-Bailey, Ph.D., Deputy City Manager
Mary Ann Saunders, Assistant to the City Manager
Anna D'Antonio, Assistant to the City Manager

State Mandates That Impede Efficient Function of Local Government or That Are Detrimental to Local Government's Ability to Meet Local Service Requirements

Issue or Mandate

Constitutional amendment exempting disabled veterans from real estate taxes.

The General Assembly should find ways to provide benefits to disabled veterans that are paid from state coffers, not local coffers. In this instance, the Assembly proposed to the electorate a popular benefit for deserving veterans without having to bear the burden of funding.

Estimated annual impact: \$650,000 to \$1 million.

Line of Duty benefits for public safety personnel

In this case, the General Assembly balances the state budget by transferring the cost of a popular and here-to-fore state-funded program on local governments. Originally this benefit was for volunteer public safety personnel, but was later expanded to include paid employees for whom other benefits already existed. If the Assembly wishes to provide generous benefits to public safety personnel who are injured or die in the line of duty, it should do so with state funds.

Estimated annual impact: first year - \$275,000; sixth year - \$964,000

Technology services and Northrup-Grumman Contract

Technology service costs have increase 145% during term of contract. In 2004, Chesapeake Health Department paid \$152,280 for technology. During FY 2011, costs had grown to \$373,423 annually.

Estimated annual impact - \$221,143

Motor Voter Law

The motor voter law, a state mandate, does not advance the Chesapeake Health Department core mission; it is actually an impediment and we recommend its elimination. This law requires that we give all clients the opportunity to register to vote at the Health Department. The requirement was for the convenience for the citizens and to make sure folks had an opportunity to register at every facility, but our experience has been that folks who wish to register have already done so. It also requires that the staff person assist the individual with the registration if they need assistance. This process takes staff time away from patient care.

Reporting of Vehicular Accidents to Department of Motor Vehicles

DMV requires local police departments to submit accident reports electronically using their system called TREDIS. Currently we are submitting paper copies through the mail, but will soon begin electronic reporting. Our objection with this requirement is that we must use DMV's data collection agent with software that is not compatible with our current Record Management System. This will require our officers to submit two reports for each reportable accident. We request that DMV remove the requirement for electronic reporting or supply the funds necessary that will allow our Record Management Systems to work with the DMV's TREDIS program.

Worker Compensation Commission Reporting

The Virginia Workers' Compensation Commission recently required the City to report claims electronically via Electronic Data Interchange. The Commission continually changes information requirements that significantly increase the work necessary to complete claim notice. In the past, notice was sent via fax reports that were often created at the point of incident. While we support electronic recordkeeping, the state should at least partner in the cost of such initiatives.

Reporting to Auditor of Public Accounts (APA)

Section 15.2-2510 of the Code of Virginia requires most localities to submit a statement of revenues and expenditures along with other required data to the APA annually. The APA reporting duplicates much of the City's Comprehensive Annual Financial Report (CAFR) that is required by lenders, credit rating agencies, and federal authorities. The APA reports contains information similar to that contained in the CAFR, however, there are differences in formats and details. Duplicate reporting requires significant added staff time. We recommend that the APA revise its reporting requirements so they better align with Generally Accepted Accounting Principles and Standards issued by the Governmental Accounting Standards Board.

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Issue or Mandate

Unclaimed Property

Chapter 11.1 Section 55-210-1- 55-210.30 requires the City to submit an unclaimed property report annually to the state. The City is required to exercise due diligence on items \$100 or greater which means preparing and mailing out letters to inform the owner of the unclaimed property. Staff spends approximately 3-4 business days monthly to exercise due diligence and another 2-3 days annually on the unclaimed report to be sent to the state. **We recommend that the threshold for due diligence be increased from \$100 to \$500.**

Virginia Freedom of Information Act (FOIA)

Chapter 37, Section 2.2-3704(B) requires the City to respond to FOIA request within 5 business days. This short turnaround time reduces staff's ability to ensure information is accurate while continuing to respond to regular duties. The impact of FOIA is particularly acute on Financial Services since they must verify the accuracy of all financial reports. We support increasing the time for response from 5-7 days (current statute) to 7-10 days. The extra days would decrease the number of extension requests.

Eligibility Regulations for TANF

Eligibility regulations for Temporary Assistance for Needy Families (TANF) require agency response to all applications within 30 days, down from 45 days in the past. Because of the depressed economy, Human Services is experiencing an unusually large volume of applications. State funding does not provide sufficient staffing to address stringent eligibility processes.

Eligibility Regulations for SNAP

Eligibility regulations for Supplemental Nutrition Programs (SNAP) require agency determination of eligibility within 30 days for regular applications and within 7 days for expedited applications. Expedited processes are required where gross weekly income is \$150 or less and liquid assets are less than \$100. Expedited processes also apply when monthly housing costs exceed gross monthly income and liquid resources. The vast majority of applications meet the expedited requirements and agency staff has only 7 days to determine eligibility. Because of the depressed economy, Human Services is experiencing an unusually large volume of applications. State funding does not provide sufficient staffing to address stringent eligibility processes.

Eligibility Regulations for Medicaid

All Medicaid applications must be processed within 45 days with the exception of those for pregnant women whose applications have a 10 day processing time frame. The 45 day limit for Medicaid is very hard to meet due to the complexity of the program and the numerous covered groups that have to be evaluated before a customer can be enrolled. Deadlines were difficult to meet when the economy was good; under current economic conditions, the agency staff is overwhelmed. Further regulations require the review of open Medicaid cases within thirty days of the renewal date. Because of the depressed economy, Human Services is experiencing an unusually large volume of applications. State funding does not provide sufficient staffing to address stringent eligibility and review processes.

Energy Assistance (heating and cooling assistance for low income families)

Energy Assistance components have pre-set days for processing each year. Cooling applications are taken from 06/15 thru 08/15 and heating from the second Tuesday in October until the last Friday in November. The Crisis component of energy assistance runs from November until March 15th each year. Staff normally has two weeks from date of closing of the components to input all eligibility data. Because of the depressed economy, Human Services is experiencing an unusually large volume of applications. State funding does not provide sufficient staffing to address stringent eligibility processes.

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Child Protective Services

Human Services does not have sufficient staff to accommodate several new "mandated processes," including Safe Measures, Differential Response, Family Partnership Meetings, increased visitation requirements for foster care, and other Transformation components. The new process require added staff time and work, but the state has not recognized the need to hire additional staff to provide these expanded services. We agree that the state mandated changes are needed and will enhance the services that prevent out of home placements of children and to strengthen families. But we need funding to provide adequate staff, and this has been documented in several researched based studies. In short, agencies need additional staff and resources to implement and maintain excellent performance in our child welfare programs.

New state mandated automation system: Each program that we are implementing is automated and the State dictates what computer system must be used. In the past, workers were able to tape their work and the transcribing unit would type it into the record. The new computerized information systems require more staff time and are less efficient than the former processes.

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Virginia Information Technology Agency (VITA) Impact on Health Department Funding and Operations

Submitted by: Nancy M. Welch, M.D., Chesapeake Public Health Director

August 23, 2011

Background – Chesapeake Health Department functions primarily as a public health state agency under Virginia Department of Health and also manages the city funded Adult Clinic (AC) and Occupational Health (OH) programs. The primary public health budget (Cooperative Budget) is shared between the state and city at 55% state and 45% city. Chesapeake Health Department provides all information technology and computer support to the AC and OH programs primarily through Cooperative Budget resources. This arrangement has been in place for many years to provide continuity, efficiency and full access to Virginia Department of Health's network, email, medical applications, network file storage, and internet access. Since 2005, all state agencies have been required to obtain information technology support through the Virginia Information Technology Agency (VITA). Subsequently, VITA contracted with Northrup Grumman (NG) to provide IT service to all state agencies. This public/private contractor arrangement was implemented with the goal to reduce information technology costs through standardizing the procurement of equipment, software, communication and network structures, and to reduce duplication. As Contract Administrator, the Virginia Information Technology Agency (VITA) is responsible for managing this massive long-term contract with NG. NG has assumed ownership and responsibilities for all state computer networks, server hardware, data storage, desktop computers and Microsoft software, network printers and email systems.

Issue – Information Technology costs paid by the public health Cooperative Budget have risen significantly over the last seven years. The cost increases are due to the state information technology model changing from agency self-supported services to state information technology services consolidated under VITA and then outsourced to Northrop-Grumman (NG). As a consequence of this state consolidation of IT services under VITA, Chesapeake Health Department information technology costs have increased over the last seven years by 145% from \$152,280 in fiscal year 2004 to \$373,423 in fiscal year 2011. This represents a 245 percent increase in IT costs under VITA's management. As a percent of the public health budget, IT costs grew from 4.6% to 9.5% of the budget over this period. To cover this cost increase, the Health Department eliminated two full-time direct service positions, one full-time support position, and one part-time support position.

Operational Impact – Operational impact is reduced capacity to inspect restaurants; reduced state medical clinic capacity in Family Planning and STD programs; loss of capacity in serving the public in Vital Records; and a reduction in purchasing/logistics support for all public health departmental operations. Additionally, IT service response by VITA/NG takes longer, network response is slower due to VITA/NG network management applications, local software applications run slower, and the computer replacement cycle has been extended to five years. Also, all computer peripheral procurements under VITA's purview are subject to a surcharge to fund VITA's agency cost. The bottom line is Chesapeake Health Department and other state agencies are paying significantly more under VITA's management of IT and receiving less service and value for the additional cost.

Recommendation – The state should change the mandate for agencies to receive all computer services through VITA and restrict VITA's IT responsibility to only managing servers, the state network infrastructure, and statewide computer procurement contracts for use by all agencies and localities. The state should eliminate the NG contract for management of desktops, laptops, printers and end user software and allow agencies to procure and manage all end user computing equipment through available statewide computer vendor contracts. These changes should reduce IT costs and free up significant funds for use in service delivery to the public.