



Infant & Toddler
Connection of Virginia

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Department of Mental Health,
Mental Retardation and Substance Abuse Services

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Dear CSB Executive Directors, MR Directors, Council Coordinators, Fiscal Agents and Interested Parties,

The Public Comment Draft of the SFY-05 *Local Contract for Continuing Participation in Part C* is attached. Changes to the local contract from SFY-04 to SFY-05 reflect two major efforts underway in Virginia's Part C system.

The first of those efforts is to develop a valid, legal contract for Part C in Virginia. Previous local contracts for Part C have been considered by the Office of the Attorney General to be invalid because the Local Interagency Coordinating Councils have no authority with which to enter into a contract. The need to re-vamp the local contract was one of the driving forces behind establishment of the Infrastructure Task Force. The following information will be helpful to consider in your review of the draft SFY-05 local contract:

- As indicated in the Infrastructure Task Force report (expected to be released for public comment by May 1, 2004), this task force is recommending that local lead agencies be identified in each of the 40 localities, allowing for a legal contract between DMHMRSAS and that local public agency (with the LICC working to advise and assist the local lead agency).
- Since the task force report has not been finalized, the Part C Office had hoped to use an extension of the current local contract for the coming year. However, the Office of the Attorney General was not able to support that proposal since that would continue the use of an invalid contract. DMHMRSAS cannot contract with the LICC and cannot use the term "fiscal agent" in the contract (because legally that term means an agent of the LICC; and if the LICC cannot legally enter into a contract, neither can its agent).
- In order to address the need for a valid contract in this interim year (i.e., between the old contract and a new contract that reflects implementation of infrastructure recommendations), the draft SFY-05 contract is between DMHMRSAS and the "local lead agency." In this interim year, the local lead agency is responsible for the fiscal management of the Part C funds (the same responsibilities as the fiscal agent had in last year's contract) and for assisting the LICC in carrying out its duties. [Please note that the scope of responsibilities for the local lead agency will change when the infrastructure task force recommendations are implemented.]

The other major initiative underway is to address the Part C budget reduction by making proactive efforts to ensure services for all eligible children and their families over the next year. Strong and ongoing service delivery oversight and budget planning will be essential at the state and local levels. A workgroup comprised of local council coordinators, public and private Part C providers, parents, CSB MR and Executive Directors, and DMHMRSAS staff was convened in order to help identify possible short-term strategies to address the Part C budget reduction. The recommendations of that

workgroup reflect the attitude that we will not enter the year thinking in terms of how long the limited Part C funds will last before they run out; rather, we will figure out what needs to happen to make those funds last for the full year. To that end, workgroup recommendations resulted in the following changes to the draft SFY-05 local contract:

- Additional parameters for the local Part C budget have been identified. Council operations may not exceed 10% of the total local Part C allocation OR \$25,000, whichever is less, and may not exceed last year's budgeted amount for council operations. For direct services, the associated costs may not exceed \$25 per visit per child (or the current negotiated rate, if that is less) and Part C funds may be used to pay associated costs for no more than 2 visits per month. There is no longer a Systems Components line item in the local Part C budget.
- Each local lead agency will be required to complete and submit monthly a form that tracks service delivery, reimbursement sources and amounts, and projects quarterly encumbrance of Part C funds. This form provides a crucial tool for localities to use in front-end management of their Part C dollars and in oversight of the service delivery system. DMHMRSAS will also use these submitted forms to track local budget status and to monitor individualization of supports and services. The SFY-05 contract details the steps that will be taken by DMHMRSAS to review these forms and to address with localities any concerns. [Please note that localities are encouraged to begin using this kind of tracking form now in order to be proactive in assessing their own service delivery approach and budget planning effectiveness.]

Other substantive changes to the local contract:

- Because there is no "pot" of additional Part C funds for next year, all references to one-time or additional funds have been deleted from the local contract. The new monthly form described in the point above will be used for budget tracking and planning.
- Because there are no DSS funds for the coming year, all references to DSS funds have been deleted from the contract.
- A format and due date for submission of the annual status report have been added to clarify expectations for this contract requirement.

The public comment period for this document will run from April 21, 2004 through May 21, 2004. Written comments should be submitted to:

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Sincerely,

Mary Ann Discenza