

RACSB Fiscal Year 2026 Operating Budget

JUNE 17, 2025

Budget Challenges and Changes

Initial "Round 1" Budget Deficit	(5,670,003)
Measures taken to close deficit	
Net positions eliminated (salary & fringe) - includes eliminations and additions	2,902,879
Health Insurance Holiday = 4 months	1,418,404
Vacancy Rate applied to salaries = 1.066%	553,208
Estimate for cost settlement adjustment for ICFs	(750,000)
New funding	
One time additional funding for DD Case Management	1,000,000
One time additional funding for Step VA	215,656
Community Outreach (City of Fredericksburg)	112,574
Remaining deficit closed with other changes	(217,282)

Budget Challenges and Changes

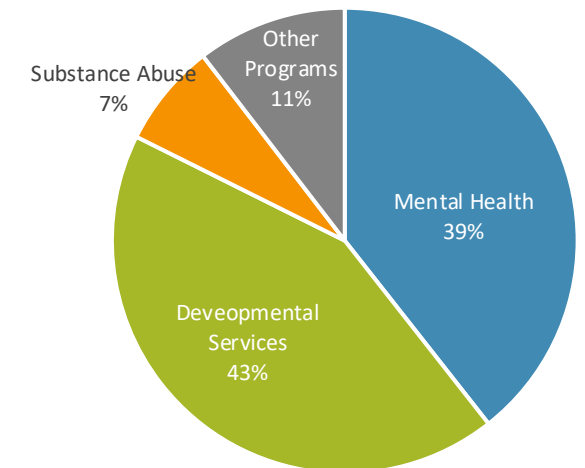
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Department changes
Jail Diversion Program eliminated, current staff moved to vacant jail therapist position
PATH moved under PSH
Project Link moved to SUD Case Management
Myers Respite changed to 4 bed Group Home/ 2 bed Respite model
PEID 2 positions eliminated, current staff moved to other vacancies (Front office & Case Manager)
New Community Outreach program added
Vacant Direct Support Professional positions at the ICFs regraded to grade 6 (previously grade 7)
Other items used to balance
Increase utilization
Budgeted all residential vacancies to be filled 1/2 of year
Decreased expenses for conventions/workshops/in-service training
Decreased expenses for contract services (Locums Doctors, Kelly Marinoff, Suzanne Poe)
Decreased salary scale 8.3% (vacant positions budgeted with decreased rates)
No staff wage increases included (COLA or Merit)
No employee reduction in force terminations

Budget - All Programs

	FY 2024 Actual	FY 2025 Budget	FY 2026 Budget	\$ Variance FY25 Budget to FY26 Budget	% Variance from FY25 Budget to FY26 Budget
Revenue					
Mental Health	24,152,906	23,898,078	26,162,183	2,264,105	9%
Deveopmental Services	23,475,247	25,686,752	28,523,961	2,837,209	11%
Substance Abuse	4,190,228	4,343,962	4,791,644	447,682	10%
Total PC Programs	51,818,381	53,928,792	59,477,788	5,548,996	10%
Other Programs	6,021,230	6,956,947	6,920,697	(36,250)	-1%
Total Revenue	57,839,611	60,885,739	66,398,485	5,512,746	9%
Expense					
Mental Health	20,730,200	23,898,078	26,162,183	2,264,106	9%
Deveopmental Services	23,064,317	25,686,752	28,523,961	2,837,210	11%
Substance Abuse	4,302,525	4,343,962	4,791,644	447,682	10%
Total PC Programs	48,097,042	53,928,792	59,477,788	5,548,997	10%
Other Programs	6,171,285	6,956,947	6,920,697	(36,250)	-1%
Total Expense	54,268,327	60,885,739	66,398,485	5,512,747	9%

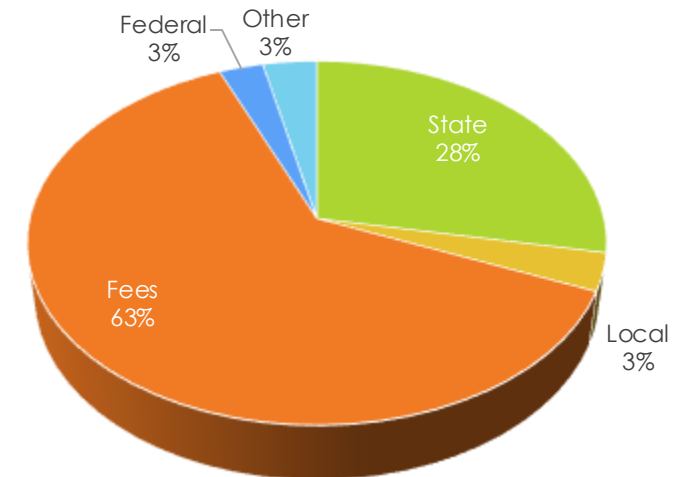
FY 2026 Budget Allocation



Performance Contract Programs

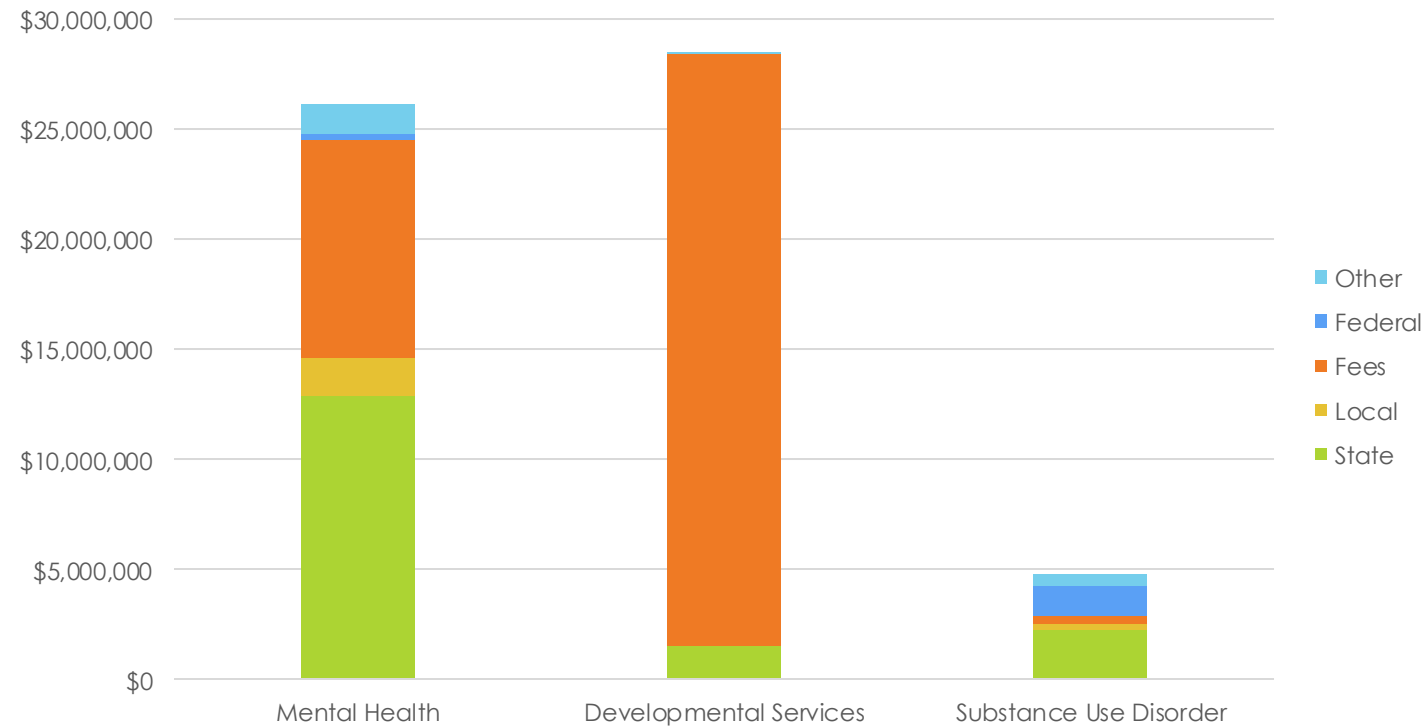
						\$ Variance FY25 Budget to FY26 Budget	% Variance FY25 Budget to FY26 Budget
	FY25 Budget	Mental Health	Developmental Services	Substance Use Disorder	FY26 Budget		
Revenue							
State	14,863,966	12,875,981	1,487,516	2,286,273	16,649,770	1,785,804	12%
Local	1,986,281	1,773,451		212,828	1,986,279	(2)	0%
Fees	33,781,739	9,851,406	26,925,793	356,303	37,133,502	3,351,763	10%
Federal	2,018,653	265,521		1,401,540	1,667,061	(351,592)	-17%
Other	1,278,153	1,395,824	110,652	534,700	2,041,176	763,023	60%
Total Revenue	53,928,792	26,162,183	28,523,961	4,791,644	59,477,788	5,548,996	10%
Expense							
Salary/Fringe	39,352,792	20,233,924	20,837,585	3,995,810	45,067,319	5,714,527	15%
Operating	10,180,990	4,138,314	5,062,529	442,221	9,643,064	(537,926)	-5%
Admin Overhead	4,395,009	1,789,945	2,623,847	353,613	4,767,405	372,396	8%
Total Expense	53,928,792	26,162,183	28,523,961	4,791,644	59,477,788	5,548,996	10%

FY 2026 Revenue Sources



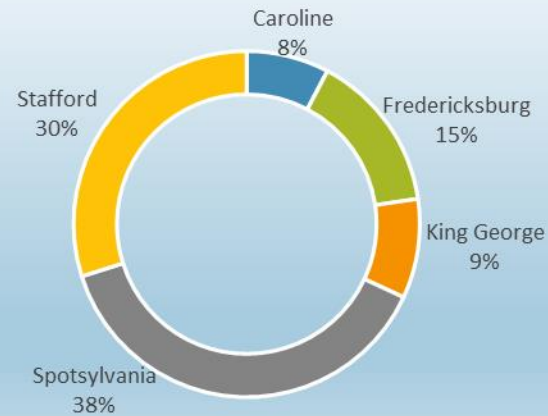
*Cash Basis Budget (excludes accruals and depreciation)

Performance Contract Budget by Source



Performance Contract – Local Funding

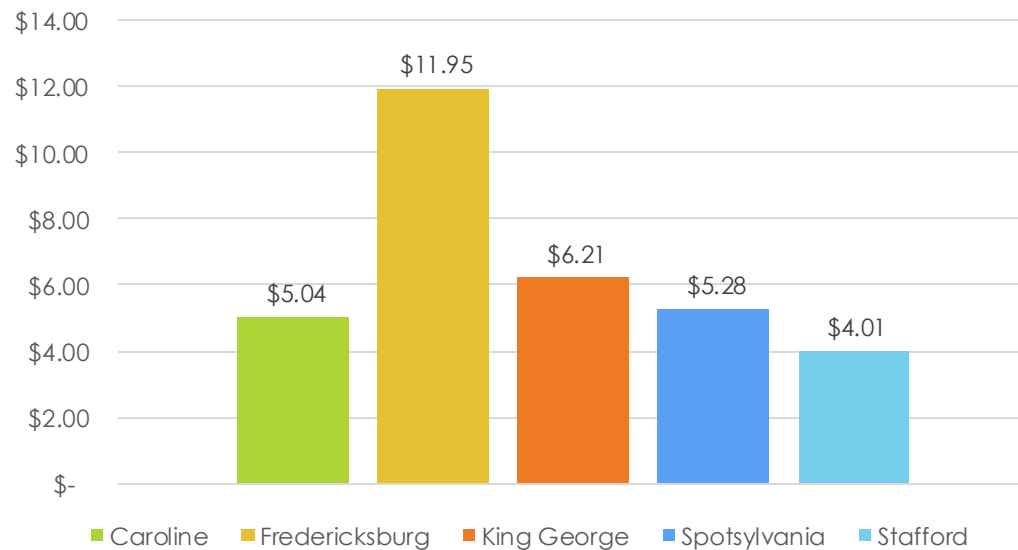
FY 2024 # Individuals Served



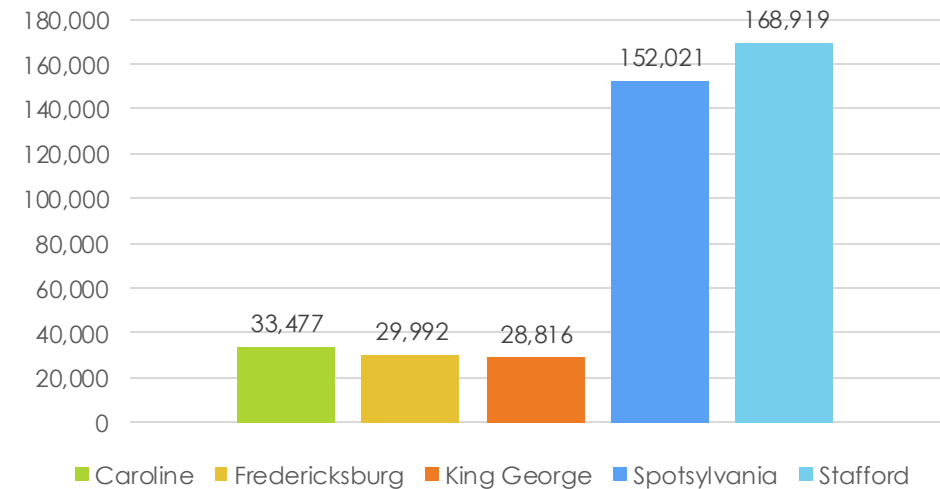
LOCALITY	FY2024 Actual	FY2025 Request	FY2025 Actual	FY2026 Request	Change from Prior Year \$	Change from Prior Year %
Caroline	128,756	133,743	128,756	168,649	39,893	31%
Fredericksburg	347,713	354,857	354,857	358,535	3,678	1%
King George	166,173	176,214	176,214	179,044	2,830	2%
Spotsylvania	661,438	703,188	682,605	801,924	119,319	17%
Stafford	583,990	631,998	617,467	676,848	59,381	10%
TOTAL	1,888,070	2,000,000	1,959,899	2,185,000	225,101	11%

Performance Contract – Local Funding Continued

FY 2026 Estimated Contribution Per Capita

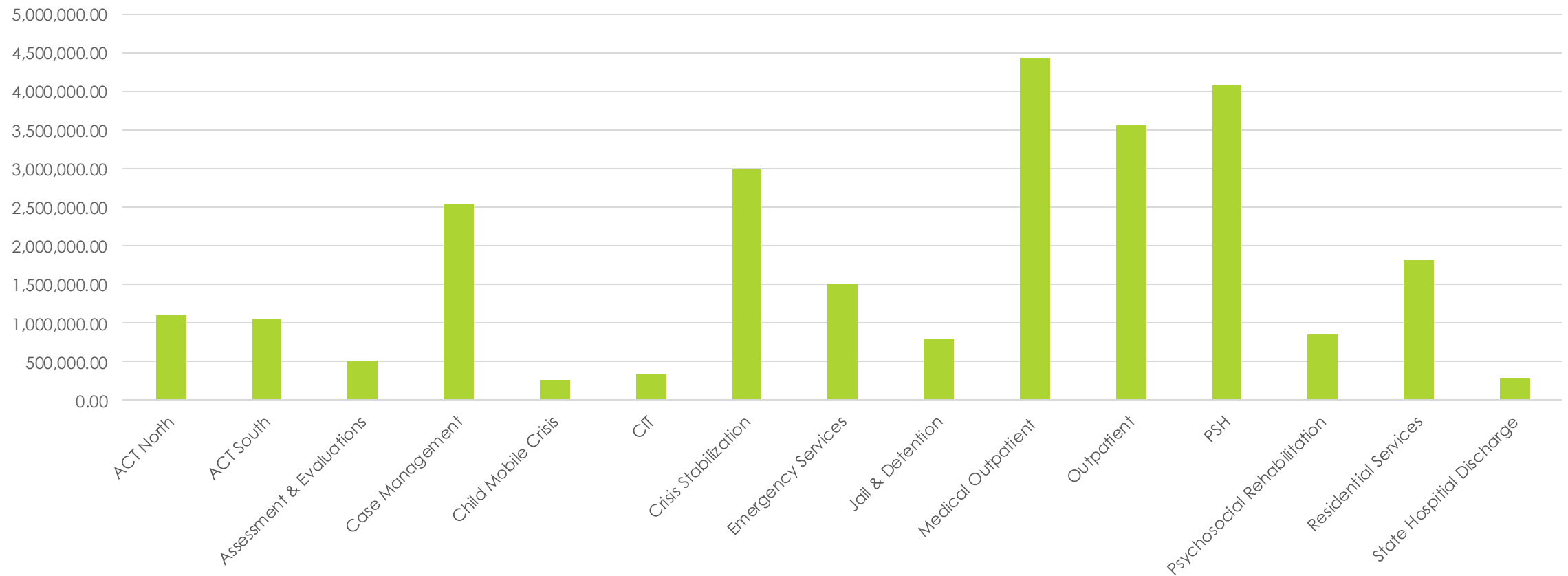


Population

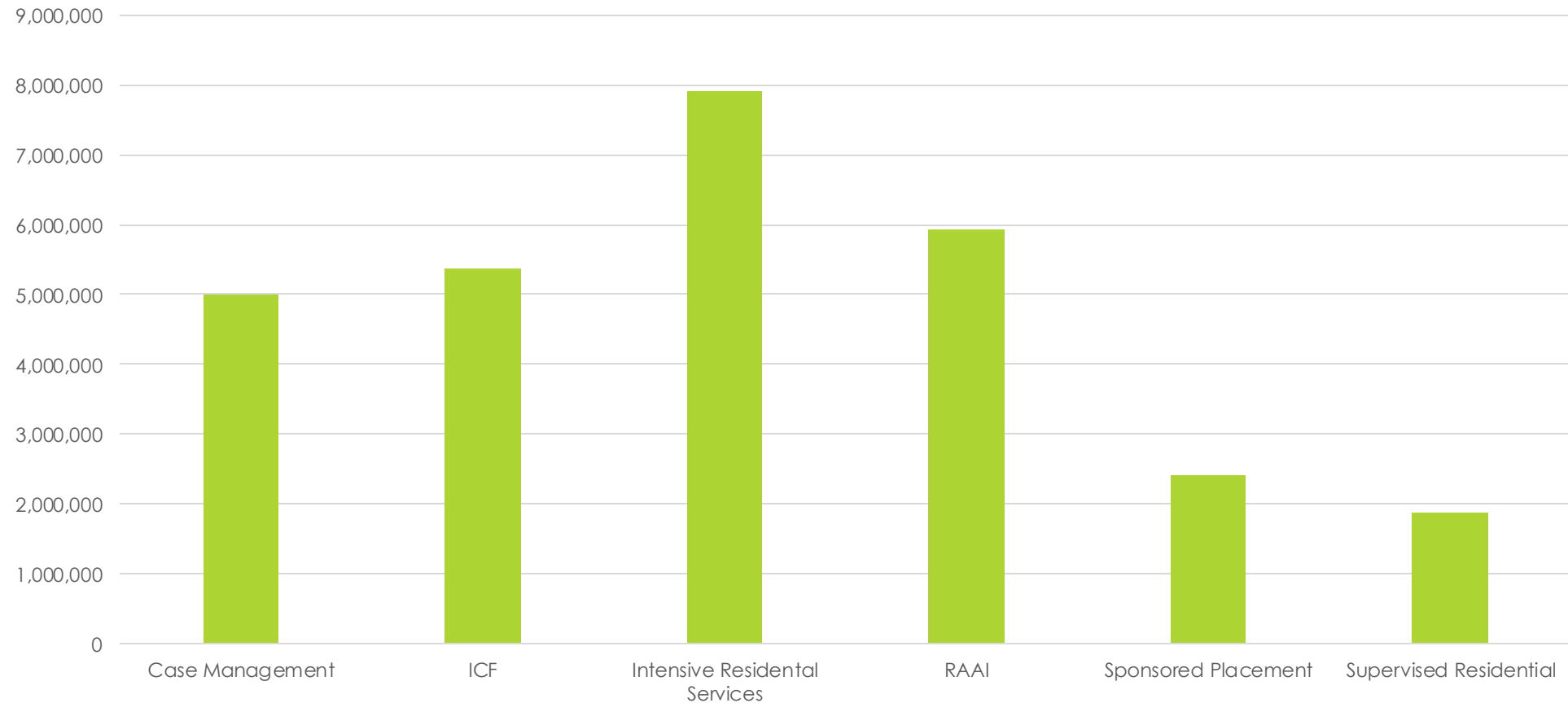


*US Census Data utilized, estimated population as of July 1, 2024

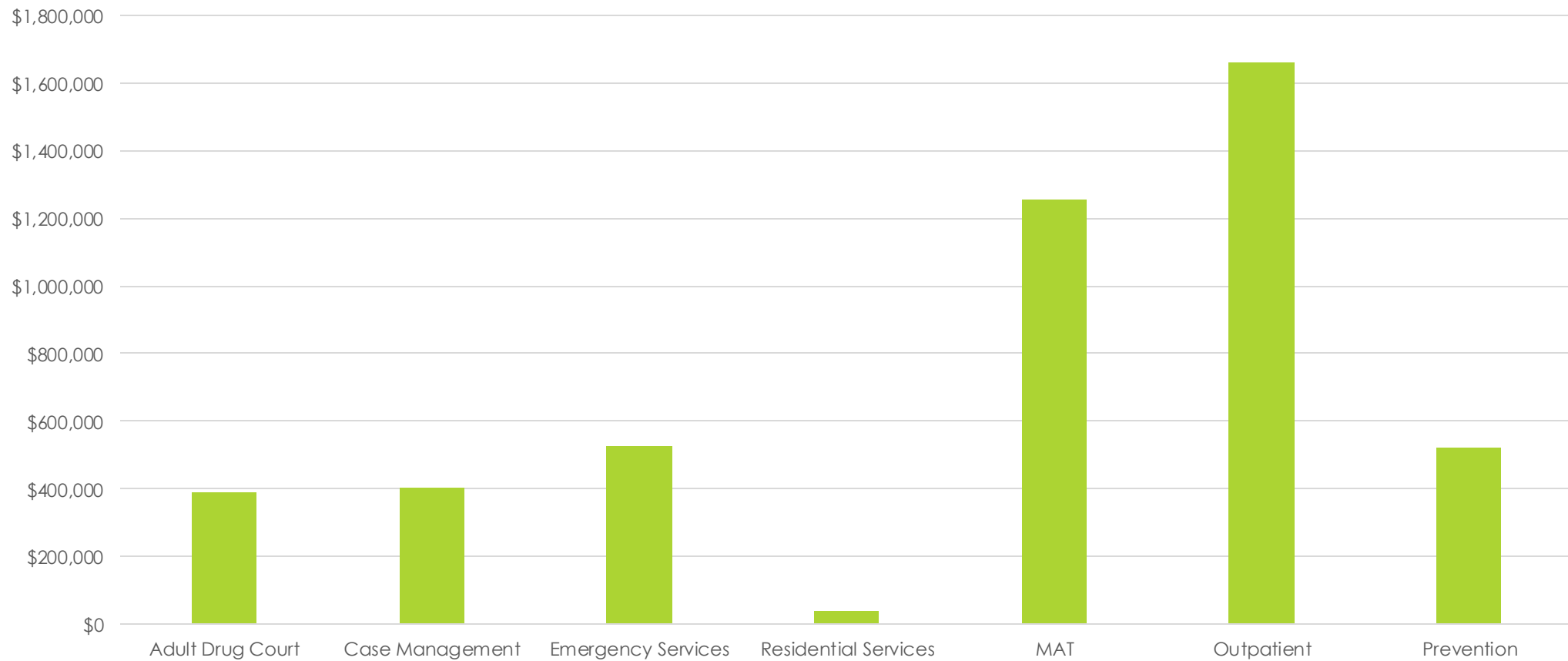
Estimated Cost by Program – Mental Health



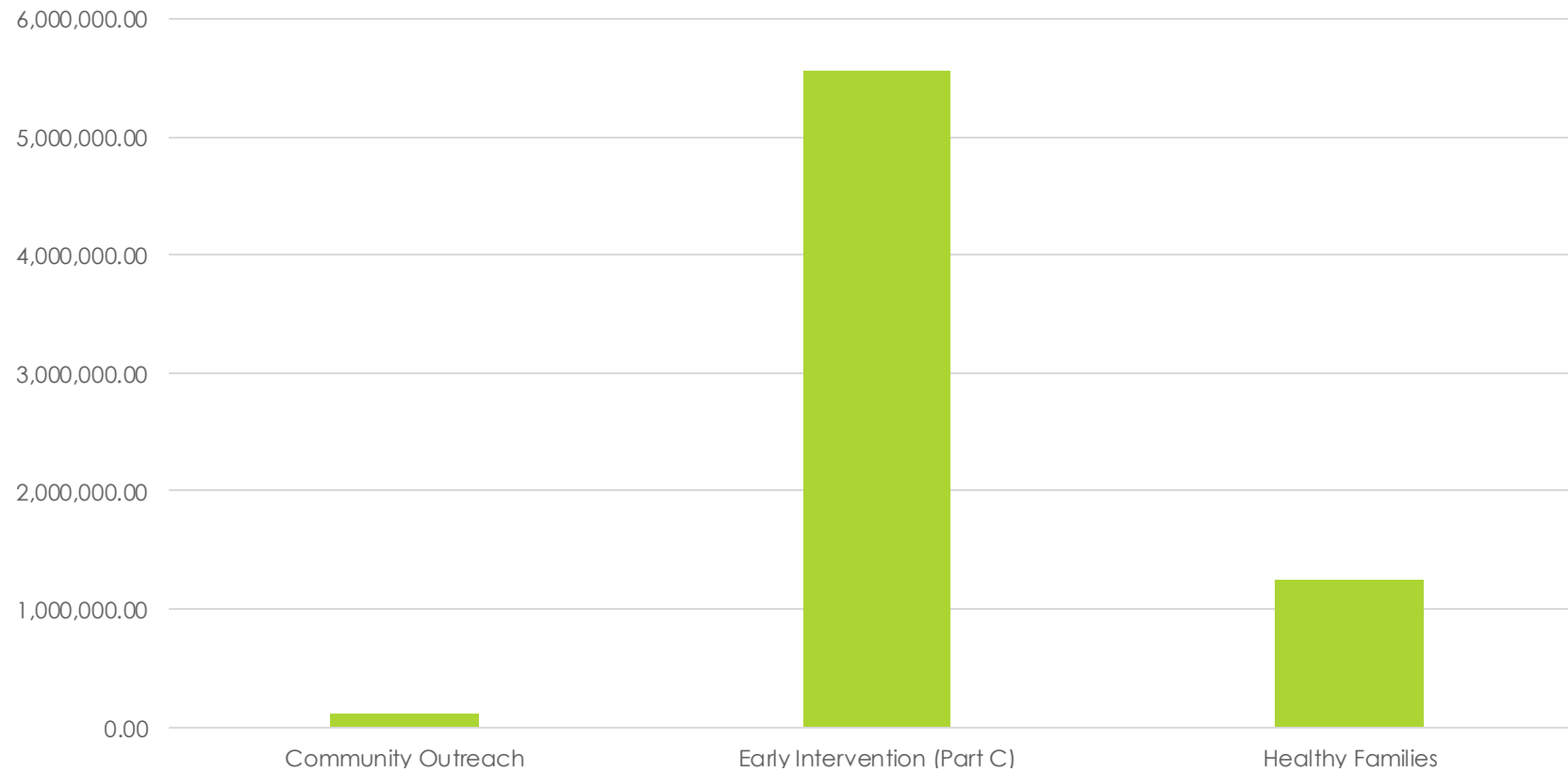
Estimated Cost by Program – Developmental Services



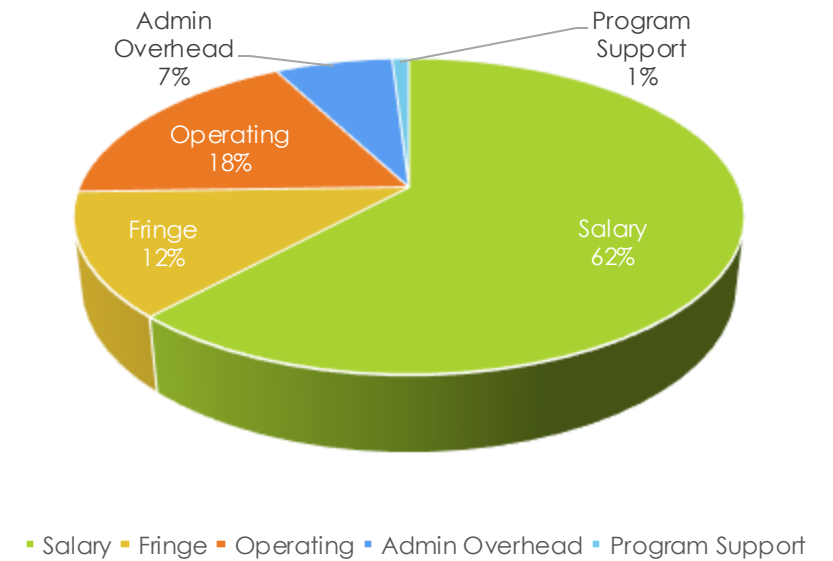
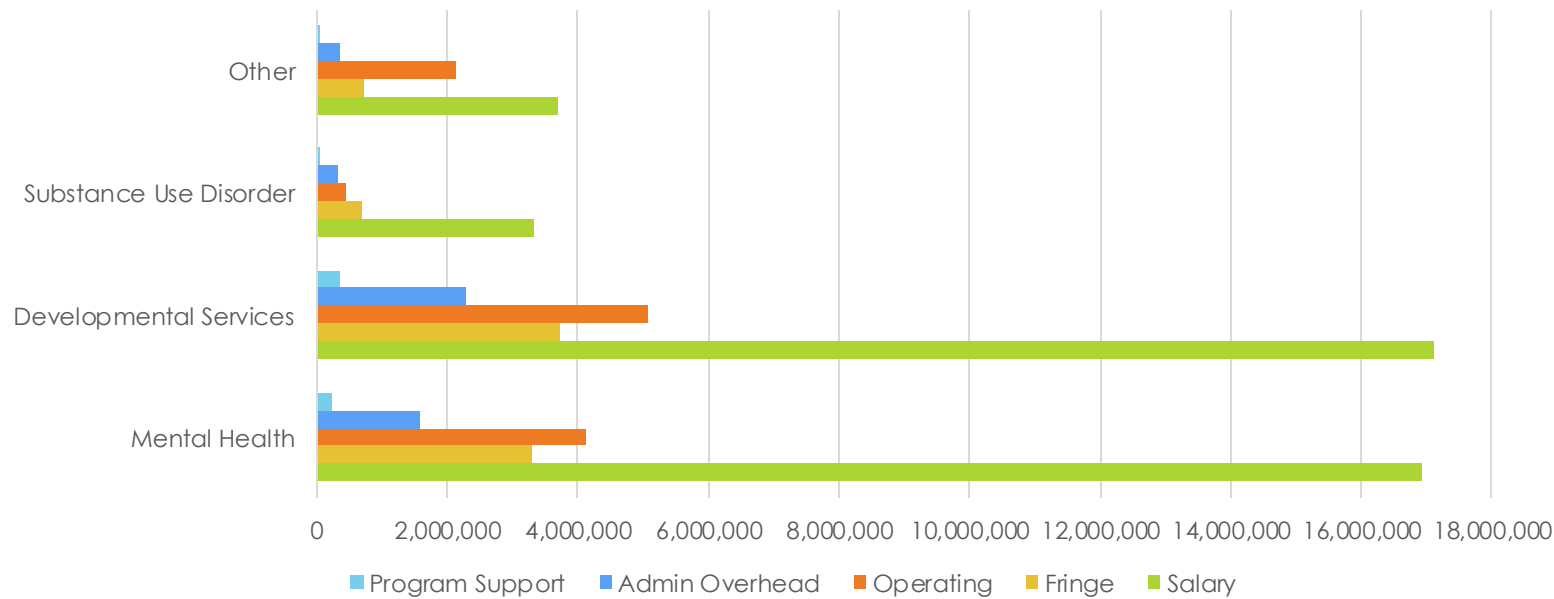
Estimated Cost by Program – Substance Abuse Services



Estimated Cost by Program – Non Performance Contract Programs



Performance Contract Expenses



Programs Requiring Fee Transfer Support

Mental Health	Developmental Services	Substance Use Disorder	Other
CIT	RAAI	EMERGENCY SERVICES	PART C TOTAL
ASSESSMENTS & EVALUATIONS	IGO ROAD		HEALTHY FAMILIES
OUTPATIENT SERVICES	DEVON DRIVE		
LAFAYETTE BOARDING HOUSE	MYERS DRIVE RESPITE		
CRISIS STABILIZATION	WOLFE STREET ICF		
CASE MANAGEMENT	LUCAS DRIVE ICF		
STATE HOSPITAL DISCHARGE	ROSS DRIVE ICF		

Fiscal Year 2025 Successes

- ▶ Recruitment/Retention – Additional Compensation increase approved and implemented in July 2024
- ▶ Lower Health Insurance claims
- ▶ Successful in-service training for all staff
- ▶ Continued increased interest on Insured Cash Sweep account (ICS)

Fiscal Year 2025 Challenges

- ▶ Recruitment and Retention (mostly resolved by end of fiscal year)
- ▶ Meeting increased level of administrative and programmatic requirements.
- ▶ Funding Sources – Ensuring programs document expenses with funding sources, where applicable
- ▶ Residential Vacancies
- ▶ Funding Source Financial uncertainty
- ▶ Performance Contract- Federal Reimbursement Process
- ▶ Crisis Receiving Center (CRC)/Office Space