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## Fiscal Oversight

August 12, 2014

I do not think it is always useful to look at an event at just a particular point-in-time.

We could discuss a 1.6% reduction in funding to **reduce** global warming and climate change and we could produce a list of the reductions we would make. We could document the impact – probably not too significant.

But if we ask the question “what is the projection we are on...where are we headed... what should we be doing...?”

And part of the answer is there is the possibility of abrupt, large-scale, catastrophic changes in our climate and the longer we wait the more the cost in the long run, a reduction of any sort might seem foolish.

When I think of the currently proposed reductions I think “what is the projection we are on...where are we headed... what should we be doing...?”

At our April meeting of our Board of Directors I noted that we were seeing a convergence of downward spiraling trends and that we would need to make decisions in light of a downturn in financial indicators. So I am seeing the proposed reductions in the context a number of concerning indicators.

I liken this to economic indicators that predict the health of the economy.

Some of the indicators that concern me:

- Our Communities and our Mission
  - Needs still exceed our capacities
    - We have wait lists
    - Need to expand addictions recovery, housing and employment services (the longer we wait the greater the expense when we do address these gaps).
- Workforce Issues –
  - Difficulty with retention of current employees
    - More employees injured on the job
      - Double digit increases in WC insurance rates
  - difficulty attracting candidates at current salary levels
  - Overtime expense \$85,000 for the last two quarters and trending up

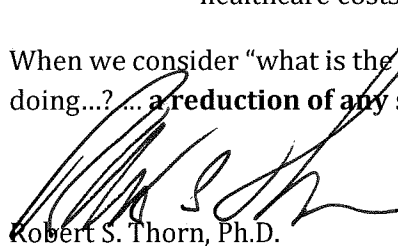
*People Helping People*



Member agency - United Way of Addison County

- Significant gaps in psychiatry –
  - need to adjust salaries with implications for current psychiatric salaries
  - Currently losing \$485k/year (thanks to vacancy savings)
- Reduction in school contracts
  - 35 school budgets were voted down.
    - Reduction in funding for services to kids
- Operating margins declining – less than .5% projected (FY14)
  - Operating margin can be used to gauge the general health of a company's core business or businesses.
  - Not sure what DA's margin was - Statewide 2% would be about \$6mil
- Healthcare Reform
  - Increasing awareness that the Developmental and Mental Health system are essential to the success of Vermont's HCR initiative
  - Vermont's direction is the right one – we need to continue to integrate services and emphasize a shift from an illness to a wellness paradigm.
  - Investment on addictions or MH services will prevent further more costly healthcare costs (Well documented medical offset effect)

When we consider "what is the projection we are on...where are we headed... what should we be doing...? ... **a reduction of any sort might seem foolish.**



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Executive Director

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