

**City of Alexandria, Virginia**  
**FY 2027 Proposed Operating Budget & CIP**  
**Budget Questions & Answers**

**March 30, 2026**

**Question:**

*What costs might the City incur to become compliant with HR1? What pre-planning is currently underway?*

**Response:**

H.R.1 makes changes to two major federal benefit programs, SNAP and Medicaid, that will increase the administrative workload and impose new compliance requirements. The city anticipates both one-time and ongoing costs as a result.

**H.R.1 Changes**

H.R.1 SNAP changes:

- Expand work requirements to older adults and parents with children over the age of 14
- Reduce eligibility exemptions (including for certain immigrant groups)
- Increase the state's share of administrative costs
- Introduce financial penalties when error rates exceed 6%.

Most SNAP changes went into effect by November 2025, with cost-sharing implementation beginning in 2026. The error rate penalty will be determined based on 2026 processing accuracy data.

H.R.1 Medicaid changes:

- Introduce work and community engagement requirements for the Medicaid expansion population
- Increase the frequency of eligibility redeterminations
- Reduce federal funding, which adds complexity to eligibility determination and ongoing case management.

These changes begin taking effect in January 2027.

**Anticipated Costs**

These changes will increase the operational burden on both the DCHS Public Benefits Programs and the Workforce Development Center staff through increased demands for work-related activities, stricter verification requirements, more frequent case reviews, and greater accountability for accuracy and compliance. Costs to respond to these demands may include the following:

**Personnel:** The most urgent need is a new supervisor to support compliance and strengthen quality controls. This position is included in the FY27 Proposed Budget as a no-cost reclassification. The staff will continue to evaluate operational impacts and human resource needs for quality assurance, training, community engagement, and data and analytics.

**Technology:** It is possible that it will be necessary to invest in locally procured solutions, such as Magic Notes, an AI-powered documentation tool, and BOX, a secure document management

platform, to significantly improve efficiency for both clients and staff and to address longstanding staffing constraints. Separately, the Virginia Department of Social Services (VDSS) is exploring the use of artificial intelligence and enhanced system functionality to improve accuracy, streamline policy application, and support eligibility determinations.

At this point, VDSS has not yet provided localities with specific funding information to implement the H.R. 1 mandates. However, VDSS has engaged in ongoing dialogue and planning with the local departments to monitor the impact, which may lead to future funding.

### **Pre-planning Currently Underway**

The team has been and continues to prepare internal operations and external community engagement for the implementation of H.R. 1, with the goal of ensuring that affected residents do not lose benefits.

Internal efforts include:

- Trained staff in updated SNAP and Medicaid policies and procedures
- Provided desk processing tools to support accurate, consistent case handling
- Increased quality assurance reviews of case processing
- Prepared and distributed SNAP change flyer for both clients and staff
- Conducted information sessions across all DCHS programs
- Participated in state SNAP Forward meetings for VDSS updates and statewide and regional workgroups
- Gathered client feedback on communication barriers and needs

External community-based efforts include:

- Held information sessions for community partners, boards and commissions, and other stakeholders
- Initiated outreach to formalize agreements with nonprofit organizations to support residents in meeting new work requirements
- Published SNAP changes information on the city's website and social media channels
- Partnered with INOVA Health System for outreach to affected residents

**Staff will continue to monitor the operational and financial impacts of implementing these changes and keep city leadership informed.**