

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2553

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Landes

3. Committee Education

4. Title Virginia School for the Deaf and the Blind.

5. Summary/Purpose:

Provides for the closure of the Virginia School for the Deaf, Blind, and Multi-Disabled at Hampton and the transfer of students, programs, and services to the Virginia School for the Deaf and the Blind at Staunton by the commencement of the 2003-2004 school year. The surviving school shall be renamed the Virginia School for the Deaf and the Blind.

6. Fiscal Impact Estimates are :

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03			
2003-04	\$2.0 million	(50.00)	General fund
2004-05	\$2.2 million	(50.00)	General fund

7. Budget amendment necessary: Yes

8. Fiscal implications: There will be fiscal implications to closing the Hampton campus by the start of the 2003-04 school year in Workforce Transition Act (WTA) costs, moving costs, savings in operating costs by closing Hampton and increasing the size of the Staunton program, and capital costs to prepare the Staunton campus for the increase in students.

WTA. There will be Workforce Transition Act (WTA) costs associated with the closure of Hampton. The Hampton fill rate has been around 120 positions. To estimate the WTA costs associated with closure of the campus, we assumed that 90 percent of the staff would take WTA and that they averaged 12 years service with an average salary of \$32,000. For Hampton, 90 percent of 120 are 108 positions that would collect an estimated WTA benefit of \$21,837. (The assumption is that the remaining 10% would find employment with other state agencies in the area.) The one-time, estimated WTA costs would be almost \$2.4 million (\$2,358,396) if Hampton were closed and are shown for FY 2004 although some WTA costs could occur in FY 2003.

Moving costs. Office equipment including computers and educational supplies and equipment can be transferred from the losing school. However, there should be a one-time

cost to move the equipment and supplies that are needed at the new location. These costs are estimated at \$350,000 in FY2004.

Capital. Although the Staunton campus has major capital needs, it may be able to manage the increase in students on a temporary basis depending on the needs of the new students. To absorb the additional students on a more permanent basis, the school will need to, as a minimum, renovate two existing buildings, one for use as a dormitory, and one for use as a classroom facility. These renovations are estimated at \$5.0 million and are shown as \$1.0 million in FY2004 and \$4.0 million in FY2005.

Operating Budget savings. Consolidating the programs on one campus should result in operating budget savings. Because of licensing requirements and the additional medical and programmatic needs of the multi-disabled, the programs at Staunton will need to be expanded. To develop the combined school operating budget, the following assumptions were used: that the budget for all areas except general management and direction and physical plant services would be 100% of the Staunton budget in HB 1400 and 80% of Hampton's budget; that general management and direction and physical plant services would be the Staunton budget in HB 1400 plus 50% of Hampton's budget; that approximately 50 positions could be saved, and that the non-general fund revenues of both schools would be available for use at Staunton. The estimated combined operating budget would be \$11,659,000, or a general fund savings of approximately \$1.8 million annually. Although the bill is effective with the start of the 2003-04 school year, the savings calculation assumes that the consolidated budget can be put in place at the start of the fiscal year.

Additional revenues. Finally, the Hampton campus could be declared surplus and sold. The current appraised value for the Hampton campus is \$3,925,000 including improvements. Value of the land alone is \$2,481,000.

Summary.

Revenues from sale of property is \$3,925,000

<u>Expenditures</u>	<u>FY2004</u>	<u>FY2005</u>
WTA	\$2.4M	
Moving costs	\$0.4M	
Capital	\$1.0M	\$4.0M
Operating savings	<u>(\$1.8M)</u>	<u>(\$1.8M)</u>
Total	\$2.0M	\$2.2M

9. Specific agency or political subdivisions affected: Department of Education, all local education authorities

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/14/03/amk

Document: G:\03FISs\HB2553.DOC

cc:SecretaryofEducation