

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number House Bill 90

House of Origin Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. Patron Harry R. Purkey

3. Committee Appropriations

4. Title Caregivers Grant Program; applicability to a physically or mentally handicapped person

5. Summary/Purpose: This bill would increase the grant available to a caregiver of a mentally or physically impaired relative from \$500 to \$3,000 if the caregiver can provide appropriate documentation that without such care, the relative would be domiciled in a nursing facility. Grants from this fund cannot exceed the amount appropriated by the General Assembly to the Virginia Caregivers Grant Fund.

6. Fiscal impact is preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	-	-	-
2004-05	\$5,496,630 *	-	General Fund
2005-06	\$5,496,630 *	-	General Fund
2006-07	-	-	-
2007-08	-	-	-
2008-09	-	-	-
2009-10	-	-	-

***The fiscal impact is based on a fully funded program that provides the full stipend to all eligible applicants. Note: If no additional funding were appropriated to the Virginia Caregivers Grant Fund, then the fiscal impact of this legislation would be nominal.**

****The Virginia Caregiver Grant program will sunset on December 31, 2005. Therefore expenditures would cease after this date.**

7. Budget amendment necessary: Se Below.

8. Fiscal implications: The Virginia Caregiver Grant Fund received a one-time appropriation of \$1.5 million in FY 2000, which triggered the Caregiver Grant Program. The Department of Social Services received 3,531 applications in response to the available dollars, 2,961 of which were approved. The appropriation was insufficient to pay the entire \$500 amount to each approved caregiver, therefore, a partial grant of \$318 was made. Once the Grant Fund was exhausted, grants ceased and no payments were made through FY 2003. The table below summarizes Caregiver Grant Program statistics during this time.

	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL
Unduplicated Applications	3,531	2,749	1,302	8	7,590
Approved Applications	2,961	2,576	1,178	8	6,723
Amount Paid (per application)	\$318	\$0	\$0	\$0	
Total Amount Paid	\$941,598	\$0	\$0	\$0	\$941,598
Unpaid Amount	\$1,480,500	\$1,288,000	\$589,000	\$4,000	\$3,361,500

Note: There has been a steady decline in the number of applications as citizens realized no funds were available for payment.

There is no clear method of estimating the number or type of additional applications this legislation will generate. Based on historical trends, the amount of funding appropriated to the Caregiver Grant Fund, i.e. the amount of dollars available for grants, is a chief factor. In addition, increasing the potential grant award from \$500 to \$3,000 (even though it may be difficult to claim the higher grant) will be an enormous incentive for caregivers to apply. Therefore, assuming a significant amount of support is provided to the Grant Fund, i.e. in excess of \$1.0 million, the number of eligible applicants will likely double. Assuming 5,922 applications are approved and 15 percent of applicants meet the criteria for the \$3000 award, the total cost of grants payments is \$5,181,000.¹

The potential for increased applications and awards would necessitate additional staff assignments and administrative oversight. The staff within the Department of Social Services adult services program is fully utilized and cannot absorb additional responsibilities. Assuming a significant amount of support is provided to the Caregiver Grant Fund, the adult services program unit would require three additional wage employees to conduct research, coordinate resources, analyze, and interpret data, as well as report information relative to the objective of this bill. The additional staff will include a Program Administration Specialist II (pay band 5) and two part-time Program Specialists III (pay band 1). The Program Administration Specialist II will review and approve applications, return calls from the toll-free hotline, coordinate resources, conduct research, interpret and analyze data, and compile reports. The Program Specialists III will provide clerical support by gathering data, typing, filing, copying, placing telephone calls, preparing mass mailings, etc. Using mid-range wages in pay band five of \$54,477 and pay band one wages of \$7,362, the total cost for additional central office staff is \$74,494 per year.

Additional funding will be also required in order to perform the pre-admission screening necessary to determine if an adult is eligible for nursing facility placement. Using FY 2000 as the base level, and assuming that half of the applicants would request the higher grant amount, there would be an additional 2,961 pre-admission screenings to complete. It is

¹ Performance in FY 2000 is being used to calculate the number of grants since a significant amount of funds were appropriated and citizens had a reasonable expectation of receiving a grant payment.

estimated that it takes approximately 3 hours to complete a screening, which equates to a total of 8,883 work hours. Using department caseload standards, eight additional staff would be required. Since the program expires December 31, 2005, wage employees would be hired at an average salary of \$35,000. The additional personnel costs would be \$301,420 annually, 20 percent of which would be funded locally.

The assumptions used to derive the estimated costs for the provisions of HB 90 are summarized below.

HB 90 Cost Summary

	FY 2005	FY 2006
Estimated \$500 payment amount (5,034 Grants)	\$2,517,000	\$2,517,000
Estimated \$3,000 payment amount (888 Grants)	\$2,664,000	\$2,664,000
Local Agency Staff*	\$241,136	\$241,136
Central Office Staff	\$74,494	\$74,494
Total	\$5,496,630	\$5,496,630

*Additional 20% local match of \$60,284 per year required.

9. Specific agency or political subdivisions affected:

Department of Social Services
Local departments of social services

10. Technical amendment necessary: None

11. Other comments: None

Date: 01/15/04 / kwm

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cc: Secretary of Health and Human Resources