

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB 1583

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

2. Patron: Jeffrey L. Campbell

3. Committee: Appropriations

4. Title: Souwestern Virginia Training Center; Delay Closure.

5. Summary: Provides that the Southwestern Virginia Training Center (SWVTC) shall remain open until June 30, 2019, and continue to accept new admissions of individuals with intellectual disabilities for whom treatment in a training center is appropriate.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates:

Expenditure Impact:

<i>FY</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$0	
2018	\$0	
2019	\$5,483,145	General Fund
2020	\$5,709,426	General Fund
2021	\$0	
2022	\$0	
2023	\$0	

8. Fiscal Implications:

Southwestern Virginia Training Center is currently scheduled to close on June 30, 2018. The census as of January 3, 2017, was 79. By the end of FY 2017, it is anticipated that approximately nine additional individuals will be discharged to a community setting. As a result, the starting FY 2018 census will be 70.

The current projected operating plan for SWVTC in FY 2018 is \$20.35 million all funds (\$11.2 million GF). This operating plan accounts for both standard operations and training center closure costs such as: retention bonuses, WTA, Community Integration Teams, grounds upkeep, document storage, etc.

Because the closure costs extend past FY 2018, the projected FY 2019 costs are \$5.71 million general fund. (Once closed, no first and third party reimbursement can occur.) These

expenditures cover closure costs with the bulk of the funds (\$3.6 million) primarily supporting WTA.

If operations are extended one year:

The starting census for the training center would remain unchanged at 70. It is assumed that, similar to NVTC, if closure extensions are made public, discharges will slow. Despite the more deliberate discharges, the Department of Behavioral Health and Developmental Services (DBHDS) should, in FY 2018, be able to operate within its current operating plan.

Based upon experience at NVTC and not knowing how discharges will actualize, DBHDS would continue to plan for a need of \$20.35 million all funds (\$11.2 million GF) in FY 2019. Although, the census is expected to decrease from FY 2018, it is unclear as to whether or not the census will decline to a point where major operational decisions, such as staffing reductions, would be made. Staffing implications have the largest impact on operational need. Additionally, retention bonuses would need to extend into FY 2019 in order to maintain proper staffing ratios to adequately care for the remaining individuals.

Similar to the baseline scenario, costs would continue to be recognized in the year post closure to cover closure costs. These FY 2020 costs will liken the FY 2019 costs from the baseline scenario and are anticipated to be \$5.71 million general fund.

In conclusion, the general fund need above the baseline scenario is \$11.2 million spread across two years. This fiscal impact is consistent with training center closure extension trends. Savings are minimal until a training center is completely closed.

Note, this fiscal impact assumes that there will be no additional capital cost associated with an extension of one year.

Possible offsets:

Delaying the closure of SWVTC may impact the number of individuals transitioning into the community from that facility during FY 2018. If slots remain unfilled, there will be one-time savings at the Department of Medical Assistance Services in the cost of the ID/DD waiver programs. However, because the agreement with the U.S. Department of Justice dictates the creation of a prescribed number of transition waiver slots, no offset is assumed for the purposes of the fiscal impact estimates. Each transition slot is assumed to cost approximately \$104,000 per year (\$52,000 GF/\$52,000 NGF). Based on historical discharge information, the current budget assumes that approximately 78 percent of the individuals at SWVTC (55 people) will transition to a Medicaid waiver program in FY 2018 a cost of \$5.72 million (\$2.86 million GF). The remaining individuals would transfer into an alternate setting such as a nursing home or intermediate care facility, with costs varying by placement.

9. Specific Agency or Political Subdivisions Affected: Department of Behavioral Health and Developmental Services

10. Technical Amendment Necessary: No

11. Other Comments: None