

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1104

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

2. Patron: Peake

3. Committee: Finance

4. Title: Community policy and management teams; use of funds.

5. Summary: Provides that the state pool of funds for community policy and management teams may be used for nonresidential services in a public school setting and to provide services to children placed in public residential facilities or public special education day schools in addition to such private facilities and private special education day schools as provided in current law.

6. Budget Amendment Necessary: See Item 8.

7. Fiscal Impact Estimates: Indeterminate.

8. Fiscal Implications: This bill would allow Children's Services Act state pool funds to be used for services provided in public school settings. Currently, CSA funds cannot be accessed for services provided in a public school setting, although \$2.2 million per year is set aside in budget language for "wrap around services" in non-school settings for children served by the public schools.

It is unclear what services the bill intends to make eligible for CSA funding. If the language is interpreted to allow any student with educational disabilities to be served in a public school setting with CSA funds, there is a potential impact on the CSA program. This bill could permit CSA funds to be used to supplement state and local funds currently provided to local school divisions. Using CSA funds to supplement what are currently the obligations of local school divisions could have an indeterminate fiscal impact on the CSA program. It should be noted that in 2010, the Virginia Superintendent of Public Instruction released a memo clarifying that federal law requires that services in public schools provided through an Individualized Education Program (IEP) are the responsibility of school division and cannot be paid for using CSA funds.

If the bill is intended to limit the service expansion to "wrap around" services provided in public school settings, there likely is still an impact to this legislation. Previously, CSA funds were allowed to be used in public school settings for certain wrap around services. In FY 2010, the last year this was allowable under CSA policy, expenditures for that category peaked at \$19,579,866 (state and local funds). The state general fund match for those services averaged 65 percent, with localities responsible for the remainder.

If the bill is intended to allow the currently earmarked \$2.2 million per year set-aside for wrap around services in non-school settings to be used for services provided in the physical location of the public school, the impact of the legislation is minimal, as localities currently use approximately \$1.5 million of this funding. Allowing the funds provided in this earmark to be used in a public school likely would encourage more localities to use these funds, and the entirety of the earmark would be expended on those services. Because the \$2.2 million per year is included in the appropriation, while it may increase the total expenditures associated with wrap-around services up to the cap, there is no need to appropriate additional funds. In previous years, because the funds have not been fully expended on the earmarked services, the remaining funds were used to pay general state pool obligations.

It is possible that allowing CSA funds to be used in public school settings would result in a reduction in costs in special education private day programs. Previous estimates from the Department of Education indicate that the cost of services provided in regional public special education programs is \$29,097 with an average state share of 59.8 percent, which is less costly than a private day placement, at \$45,119 with an average state share of 66 percent. However, the legislation does not limit the use of CSA funds to only those children who would be moved from a private to public placement, and any offset cannot be quantified.

9. Specific Agency or Political Subdivisions Affected: Children's Services Act, Department of Education, local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: No.