

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1551

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

2. Patron: Newman

3. Committee: Finance

4. Title: Closure of the Central Virginia Training Center prohibited.

5. Summary: Provides that the Central Virginia Training Center shall not be closed and shall remain open until July 1, 2029, and continue to accept new admissions of individuals with intellectual disability for whom treatment in a training center is appropriate.

6. Budget Amendment Necessary: Yes, New Item in Capital.

7. Fiscal Impact Estimates:

Expenditure Impact:

<i>FY</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$0	General
2018	\$2,375,000	General/Debt
2019	\$32,059,090	General/Debt
2020	\$12,807,094	General
2021	\$26,367,795	General
2022	\$31,625,000	General
2023	\$31,625,000	General

8. Fiscal Implications:

Under this bill, Central Virginia Training Center (CVTC) would remain open and continue to accept admissions through FY 2029. The facility is currently scheduled to close as of July 1, 2020. The amounts in the fiscal impact section above assume that CVTC remains open at a census of 149 residents. The current census is 166 and there are 17 planned discharges.

In order to support those residents, CVTC's ongoing annual operating budget needs are expected to be \$57.5 million. Of that budget, \$25.9 million is general fund appropriated at DMAS to match federal Medicaid dollars and \$5.8 million is general fund appropriated to the Department of Behavioral Health and Developmental Services (DBHDS). The remainder is federal Medicaid reimbursement. Continuing to operate CVTC would eliminate the planned savings that would occur beginning in the 2018-2020 biennium, which is obligated to providing waivers and building capacity under the Commonwealth's agreement with the U.S.

Department of Justice. Funds also would be needed to address capital needs to keep buildings open for resident use.

As previously stated, it is assumed that the facility would operate with bed capacity of 149. Additionally, it assumed that any potential reduction in census due to discharge or other circumstances would be proportionately offset by new admissions.

It is assumed that 90 percent of training center expenditures will be Medicaid reimbursable, requiring a general fund match in the Department of Medical Assistance Services (DMAS) operating budget to draw down federal special funds.

The following table summarizes the total GF need, including the general fund appropriation needed at DMAS, and capital funds that would be required beginning in FY 2018:

Fiscal Year	CVTC Unrealized Savings (GF)	CVTC Capital (Debt)	TOTALS
FY 2018	\$0	\$2,375,000	\$2,375,000
FY 2019	\$5,534,090	\$26,525,000	\$32,059,090
FY 2020	\$12,807,094	\$0	\$12,807,094
FY 2021	\$26,367,795	\$0	\$26,367,795
FY 2022	\$31,625,000	\$0	\$31,625,000
FY 2023	\$31,625,000	\$0	\$31,625,000
FY 2024	\$31,625,000	\$0	\$31,625,000
FY 2025	\$31,625,000	\$0	\$31,625,000
FY 2026	\$31,625,000	\$0	\$31,625,000
FY 2027	\$31,625,000	\$0	\$31,625,000
FY 2028	\$31,625,000	\$0	\$31,625,000
FY 2029	\$31,625,000	\$0	\$31,625,000

The fiscal impact has not been adjusted to reflect funds that will not be spent to support Medicaid transition waiver slots. While the Commonwealth may benefit from savings in the Department of Medical Assistance Services budget, under the terms of the settlement agreement with the US Department of Justice, the state must create the prescribed number of slots for the duration of the agreement. For the purpose of comparison, the average transition waiver slot is assumed at \$104,000 per year (\$52,000 GF), while the average cost of a state facility bed at CVTC operated as a 149-bed facility is estimated to be approximately \$385,000 per year (\$192,500 GF).

Unrealized Savings

The savings associated with the planned closure of this facility were figured into the costs of providing community services for the target population served under the court-approved

settlement agreement. If this legislation is enacted, the projected savings that would have resulted from the declining census and accompanying staff reductions in 2019 and beyond would not be realized, and the cost of keeping this facility open would be considered new spending.

The tables below display the projected unrealized savings by itemizing the funds required to continue to operate CVTC beginning FY 2019. Assuming CVTC continues to operate at capacity of 149 beds and that costs of services do not increase, the yearly cost of operating CVTC would be approximately \$56.0 million, all funds. An additional \$1.5 million has been added to support the Community Integration Teams that are needed as long as residents reside within the Training Center. The work of the Community Integration Teams is mandated by the settlement agreement.

All Funds

CVTC	Baseline Operating Budget	Remaining Open at 149 beds	Variance to Baseline
FY 2019	\$ 47,438,018	\$ 57,500,000	\$ 10,061,982
FY 2020	\$ 34,214,375	\$ 57,500,000	\$ 23,285,625
FY 2021	\$ 9,558,554	\$ 57,500,000	\$ 47,941,446
FY 2022	\$ -	\$ 57,500,000	\$ 57,500,000

General Fund

CVTC	Baseline Operating Budget	Remaining Open at 149 beds	Variance to Baseline
FY 2019	\$ 26,090,910	\$ 31,625,000	\$ 5,534,090
FY 2020	\$ 18,817,906	\$ 31,625,000	\$ 12,807,094
FY 2021	\$ 5,257,205	\$ 31,625,000	\$ 26,367,795
FY 2022	\$ -	\$ 31,625,000	\$ 31,625,000

Capital Needs

The estimate of capital support needed to keep CVTC open until 2030 is approximately \$28.9 million, based on the CVTC Alternative Use Study. The immediate capital needs to be addressed in FY 2018 are the roofs of Buildings 65 and 50. The remainder of capital funds would be needed in FY 2019.

Approximately half of this total addresses infrastructure for water, sewer, roads and parking, and storm sewer. The infrastructure work (with the exception of roads) is needed for code compliance, proper operations, and environmental compliance. Serious deficiencies currently exist. The balance of the funds are for renovations to critical facilities including dining and program areas, reroofing, and code required renovations.

It should be noted that the sewer systems and storm water systems at CVTC are not currently in compliance with environmental regulations. Continued operation requires repair. Additionally, DBHDS holds an MS4 storm system permit at CVTC. As part of that permit,

the facility will be required to meet the Total Maximum Daily Load Action Plan goals for protection of the Chesapeake. Complying with this standard will be very expensive, probably in the range of several million dollars, but these costs are not included in this estimate as the cost is not yet known.

In addition, the aging water lines are corroded and blocked. They have been “cleaned” several times, but corrosion continues to advance and clog filters, equipment and fire protection systems. Corrosion is also impeding the flow of water resulting in insufficient pressure to meet fire protection requirements. DBHDS has already designed partial water system replacements for this reason, but has not moved ahead due to the intended closure.

9. Specific Agency or Political Subdivisions Affected: Department of Behavioral Health and Developmental Services, Department of Medical Assistance Services, Community Services Boards

10. Technical Amendment Necessary: No

11. Other Comments: None