



## **Economic Impact Analysis Virginia Department of Planning and Budget**

---

**12 VAC 35-230 – Operations of the Individual and Family Support Program**  
**Department of Behavioral Health and Developmental Services**  
September 30, 2013

---

### **Summary of the Proposed Amendments to Regulation**

The proposed regulations establish the Individual and Family Support Program to provide financial support to individuals with intellectual disability or developmental disabilities and their family members.

### **Result of Analysis**

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

### **Estimated Economic Impact**

In a settlement agreement with the Department of Justice (DOJ), the Commonwealth agreed to provide financial support to individuals with intellectual disability or developmental disabilities and their family members until at least 2021. The proposed regulations establish Individual and Family Support Program (IFSP) to accomplish this goal. IFSP has become operational in March 2013 under emergency regulations. The proposed regulations will permanently replace the emergency regulations currently in place.

IFSP provides short term support that enable individuals who are living in their own homes or a family home and are on the statewide waiting list for Intellectual Disability Medicaid Waiver or Developmental Disabilities Medicaid Waiver and their family members who are supporting these individuals to continue to remain in their own homes or a family home. The support services and items provided may include respite care, transportation services, behavioral consultation and management services; assistive technology, home modifications, goods and products that directly support the individual; temporary assistance with rent, utilities and deposits; fees for summer camp and other recreation services; dental or medical expenses of the

individual; family education, information, and training; peer mentoring and family-to-family supports, emergency assistance and crisis support.

IFSP will provide limited relief to a minimum of 1,000 individuals and their families each year over the next nine years in accordance with DOJ settlement agreement requirements. The funds available to the program are limited by the budget appropriation. In fiscal year (FY) 2014, \$3.2 million is appropriated for this program. Since the demand for these services are much greater than the available funds, individuals are served on a first-come-first-serve basis. In FY 2013, there were 1,654 applications and the entire funding was distributed in just two months. As of September 5, 2013, 350 applications were received for FY 2014 funding. The average support amount is estimated to be about \$2,000 with a range from \$50 to \$3,000.

The main benefit of IFSP is providing services and goods to individuals and their families in need so that they can stay in their communities. These individuals would not be able to receive these services without this program or they would have to pay for them from their own resources. In addition, supporting these individuals to keep them in their communities helps avoid institutionalization. According to the Department of Behavioral Health and Developmental Services (DBHDS), caring for an individual in an institutional setting may cost up to \$120,000 per year. Furthermore, failure to permanently implement this program may constitute a breach of the settlement agreement with DOJ and expose the Commonwealth to litigation risks.

On the other hand, IFSP expenditures paid 100% by the state funds. Since the Commonwealth is required to maintain a balanced budget, the funding for this program has to reduce funding elsewhere. Thus, while IFSP recipients and businesses that cater to IFSP recipients enjoy positive economic effects, a corresponding economic effect in the opposite direction would likely take place elsewhere. In addition, there will be additional costs associated with administration of this program. DBHDS estimates that slightly fewer than three full time personnel would be sufficient to operate the program. Also, there would be other costs associated with office supplies, debit card fees, postage, etc in order to administer this program.

## **Businesses and Entities Affected**

IFSP will provide limited relief to a minimum of 1,000 individuals and their families each year over the next nine years in accordance with DOJ settlement agreement requirements.

## **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

## **Projected Impact on Employment**

The proposed regulations will increase state spending and have positive impact in labor demand in certain sectors that provide support services and goods to keep individuals with intellectual or developmental disabilities in their communities. However, due to balanced budget requirement, state spending will have to be reduced somewhere else having a negative effect on labor demand in different sectors. The net impact of these opposing effects is not known.

## **Effects on the Use and Value of Private Property**

Similarly, while businesses in certain sectors may see a positive impact on their asset values due to increased state spending, businesses in other sectors may see a corresponding decrease in their asset values due to reduced revenues.

## **Small Businesses: Costs and Other Effects**

As discussed above reduced state spending elsewhere to finance IFSP would have negative impact on businesses in those areas. At least some of those businesses may be expected to be small businesses.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There is no known alternative to minimize adverse impact on small businesses that accomplish the same goal.

## **Real Estate Development Costs**

No direct impact on real estate development costs is expected.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of

persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.