



Economic Impact Analysis Virginia Department of Planning and Budget

22 VAC 30-30 – Department of Rehabilitative Services Provision of Independent Living Rehabilitation Services May 13, 2003

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulations will establish operational standards for centers for independent living that are currently enforced under a state contract and update the regulations to reflect the current practices related to categorical eligibility for free services, types of services provided free of charge, and consideration of family income in eligibility determinations.

Estimated Economic Impact

The proposed regulations contain requirements for provision of independent living services to people with disabilities. These services promote the ability of an individual to function independently in many ways. The core services include information and referral, peer counseling, independent living skills training, and individual and systems change advocacy. The Department of Rehabilitative Services (the department) through centers for independent living (CILs) also provides other services such as physical counseling, life skills training, interpreter/reading services, attendant care, assistance with transportation, finding accessible housing, and preventive services to reduce the need for similar services in the future. In addition

to the services, rehabilitation technology including wheelchairs, prostheses, hearing aids, and home/vehicle modifications are sometimes provided to consumers.

In 2002, approximately 5,800 consumers were provided independent living services and goods through 16 CILs. CILs are non-profit, nonresidential, community based organizations operated by individuals with disabilities. The Commonwealth and the federal government are the sources of funding for CILs. All 16 CILs receive state funding for general operations, which amounts to about \$4.5 million per year. In addition to the state funding, five CILs receive about \$1.3 million from federal government. Delivery of services and goods funded by the federal government is accomplished through federal regulations. However, the state funds are expended through contracts between CILs and the department rather than state regulations. The state contracts contain the same requirements as those included in federal regulations.

The proposed amendments will add the same operational requirements for CILs enforced under the state contract to the current regulations. The proposed changes will accomplish conformity between the provisions of the state contract and these regulations and conformity between the state and federal regulations. Since the operational requirements will not change, no change in current practice and consequently no fiscal effect is expected. However, reinforcing the consistency of the Commonwealth's regulations with the federal regulations and the state contracts is expected to provide some benefits. According to the department, the Attorney General has expressed an opinion indicating that having regulations will provide a state court forum in the event of an appeal or a legal challenge. This could avert additional litigation costs associated with a defense in a federal court. Having regulations will also provide an administrative avenue to CILs to appeal and resolve decisions to withhold funding for non-compliance with the standards. The appeals procedure is believed to be less costly than the standard court procedure and may provide some costs savings to CILs and the department in the event of a disagreement.

The main purpose of the remaining proposed changes is to update the regulations to reflect the practices followed by the department. Two of the proposed changes have been enforced in practice, but not reflected in current regulations. These changes are recognizing the practice of not requiring individuals receiving worker's compensation or veteran's disability to pay for services and specifying an expanded list of services provided free of charge. Since these

two changes have already been followed in practice, no significant economic impact is expected upon promulgation of these regulations.

Additionally, the department proposes to update the financial needs test for 18 year olds or older consumers which was recently revised to consider only the consumer's income even if the consumer is living with parents, spouse, etc. Similar to the other two changes, this more recent change is already implemented and no significant immediate economic impact is expected. Neither the number of recipients who may benefit from excluding family income, nor the amount of expenditures spent for additional recipients is known. Although, there is no data to assess the fiscal effect of this change, the likely effects include increasing the publicly funded independent living expenditures, increasing the department's administrative costs, and promoting independent living by improving access of adult individuals with disabilities who live with family members to such services as self advocacy and self empowerment skills and/or youth transition services. The additional funds spent on these recipients could also result in crowding out of some of the other recipients should resources become scarce enough to trigger the order of selection process specified in 22 VAC 30-30-60.

The potential effects of the last three changes also include providing consistency between the rules followed in practice and the rules contained in the regulations, which were last updated in 1987. This consistency may be beneficial in reducing the likelihood of potential litigation and the likelihood of potential confusion among CILs in provision of services and among the department's enforcement staff, both of which may be costly.

Businesses and Entities Affected

The proposed regulations apply to 16 centers for independent living that serve approximately 5,800 consumers annually.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant effect on employment is expected.

Effects on the Use and Value of Private Property

No significant effect on the use and value of private property is expected.