

# FISCAL NOTE

**Bill #:** HB0427

**Title:** Clarify responsibility for education costs of youth placed in facility

**Primary Sponsor:** Allen Rome

**Status:** As Introduced

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Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2002 Difference</u></b>	<b><u>FY2003 Difference</u></b>
<b>Expenditures:</b>		
General Fund	459,793	1,103,033
<b>Revenue:</b>		
General Fund	0	0
<b>Net Impact on General Fund Balance:</b>	<b>(\$459,793)</b>	<b>(\$1,027,033)</b>

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

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## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Corrections**

1. The Department of Corrections assumes that this bill is intended to provide payment of special education costs for all youth whose emotional or behavioral problems have caused a state agency to place them in a psychiatric hospital, residential treatment center, or residential treatment facility.
2. This bill is not intended to provide payment to state youth correctional facilities, or department contractors who mainly serve department committed youth.

3. The department assumes that providers eligible for educational costs will remain constant, as will the number of youth placed in such facilities. Currently, the department knows of two facilities that would operate as residential treatment facilities as defined in the bill, Swan Valley Youth Academy and Thresholds for Change. Of these two facilities, the department only pays an educational component for thresholds, and currently has ten youth in the facility. Assuming that the educational component for the facility is \$21 a day, the educational cost paid by the Office of Public Instruction would be \$76,650. This would result in cost savings to the Department of Corrections.

**Office of Public Instruction**

4. The bed capacity of Swan Youth Academy is 48 beds and the facility will operate at full capacity. All students attending Swan will be eligible for funding under HB 427.
5. Thirty students attending Brown School in Deer Lodge will be eligible for funding under this bill.
6. Four therapeutic group homes with a bed capacity of 12 will obtain necessary licensure to receive funding under this bill by FY 2003.
7. In FY 2002, 78 students will be funded under this bill.
8. In FY 2003, 126 students will be funded under this bill.
9. No other private programs will redesign their services and obtain licensure that would qualify them for funding under this bill.
10. The daily rate of \$52 per day for education currently being paid to residential facilities under current law would not increase in the next biennium. The daily rate for the new programs eligible for funding under the bill would be the same \$52 rate.
11. The number of students served in residential facilities eligible under current law would remain the same as the average number of students served in FY 1996 through FY 1999.
12. Payments to facilities eligible under current law (\$590,628) would remain the same as the average payments made in FY 1996 through FY 1999.
13. Students attending the programs would receive 227 days of instruction consistent with current contracts with residential facilities.
14. None of the programs would meet criteria for the Health Care Finance Administration (HCFA) as a medically based residential treatment facility for children with emotional disturbance.
15. No new FTE will be necessary to account for payments made under provisions of this bill.
16. The Department of Public Health and Human Services will not see a reduction in their costs.
17. Appropriations currently being distributed to public schools for purposes of day treatment under the provisions of language in HB 2 will instead be used to make payment to residential treatment centers. In FY 1996 through FY 1999, an average of \$384,269 was provided annually to public schools to help them meet the needs of children with significant behavioral problems. The fiscal impact on the state general fund does not include this loss of revenue to local public schools. The estimated total impact in FY 2002 is \$920,712. (\$920,712 minus \$384,269 equals \$536,443) Estimated total impact in FY 2003 is \$1,487,302. (\$1,487,302 minus \$384,269 equals \$1,103,033.)

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<b>Department of Corrections</b>		
<u>Expenditures:</u>		
Benefits	(\$76,650)	(\$76,650)
<u>Funding:</u>		
General Fund (01)	(\$76,650)	(\$76,650)
<u>Revenues:</u>		
General Fund (01)	0	0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$76,650	\$76,650

**Office of Public Instruction**

<u>Expenditures:</u>		
Local Assistance	\$536,443	\$1,103,033
<u>Funding:</u>		
General Fund (01)	\$536,443	\$1,103,033
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$536,433)	(\$1,103,033)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:**Office of Public Instruction**

1. In FY 1996 through FY 1999, an average of \$384,269 was made available to public schools for purposes of day treatment. These funds were used to help schools meet the needs of children with significant behavioral problems. Language in HB 2 permitted any appropriations in the line item for residential treatment, that were in excess of educational costs for residential care, to be used to assist schools in providing day treatment services for children with significant behavioral problems. It is expected that this revenue source will no longer be available as a result of HB 427.

LONG-RANGE IMPACTS:**Department of Corrections**

- 1 The Department of Corrections anticipates similar cost-savings in future biennia.

**Office of Public Instruction**

- 2 There is a significant potential that other programs could redesign themselves to qualify for funding under the provisions of this bill. Private, licensed and unlicensed residential and group home programs in Montana are numerous. There is the possibility that additional programs may make efforts to follow this funding stream.

TECHNICAL NOTES:

**Office of Public Instruction**

1. If provisions of HB 146 (Juvenile Delinquency Prevention) are adopted, and Judicial Districts independently contract (instead of using the Department of Corrections sole source contracts) for placements of adjudicated youth, the number of programs and students that will be paid for under provisions of this bill could increase substantially.
2. The bill does not include provisions for a rate matrix to ensure that revenue from one state agency will be used to offset payments by another state agency or district court.
3. When multiple agencies fund the placement of a single child, the tracking and accountability of costs become problematic. Further, when multiple agencies fund placements but the decision for the placement is made by one agency, the placement chosen may be very cost effective for the agency making the placement but be of a higher total cost when all state support is included. This could lead to higher overall costs especially when certain types of programs receive revenue from other agencies that partially offset costs while other programs do not.