

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: July 3, 2003

SUBJECT: Fiscal Impact Statement: "MHRS Provider Certification
Infractions Rulemaking Approval Resolution of 2003."

REFERENCE: Final Legal Sufficiency Review of Emergency and Proposed
Rulemaking Establishing Infractions for Violations of 22
DCMR, Chapter 34 (Mental Health Rehabilitation Provider
Certification Standards) (AR-02-513 C) (MID 44585) (Doc
16363)

Conclusion

Funds are sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan to provide necessary staff and payments for services covered under the proposed legislation. No additional staff is needed and the projected shortfall in revenues versus expenditures will be absorbed within the Department of Mental Health's (DMH) operating budget.

Background

The proposed legislation would result in additional revenues through the imposition and collection of additional fines from providers of mental health services and mental health supports who violate certification requirements for civil infractions. The amount of the estimated fines is approximately \$18,000 annually. However, the cost of additional hearings is estimated to be approximately \$21,774 annually. Therefore, the net negative financial impact is estimated to be \$944 in FY 2003 and \$16,273 for the period FY 2004 – FY2007. The difference between the costs of implementing the proposed legislation and the revenue it generates will be absorbed within DMH's operating budget.

The table below details the projections of fines and infractions by class type and the estimated revenue generated by their imposition and collection. (Prosecution costs are based on FY 2003 unit cost, which is \$53.11.)

Class	Fine Infraction	Prosecution Costs	Revenue Generated	Net Fiscal Impact
I	\$1,000	\$1,062	\$1,000	(\$62)
II	\$500	\$17,526	\$16,500	(\$1,026)
III	\$100	\$2,124	\$400	(\$1,724)
IV	\$50	\$1,062	\$100	(\$962)
TOTALS	N/A	\$21,774	\$18,000	(\$3,774)

Financial Plan Impact

Funds are sufficient in the FY 2003 budget and the FY 2004 through FY 2007 budget and financial plan to provide necessary staff and payments for services covered under the proposed legislation. No additional staff is needed and the projected shortfall in revenues versus expenditures will be absorbed within the Department of Mental Health's (DMH) operating budget. No expected net fine revenue is included in the FY 2003 or FY 2004 budgets at this time. The table below details the costs associated with the proposed legislation and assumes a three percent increase for inflation in each year beginning in FY 2004.

FY 2003 through FY 2007 Cost Summary						
	FY 2003 (3 months)	FY 2004	FY 2005	FY 2006	FY2007	5-Year Total
Hearing Costs	\$5,444	\$22,427	\$23,100	\$23,793	\$24,507	\$99,271
Revenue Generated	\$4,500	\$18,540	\$19,096	\$19,669	\$20,249	\$82,054
Net Fiscal Impact	(\$944)	(\$3,887)	(\$4,004)	(\$4,124)	(\$4,258)	(\$17,217)