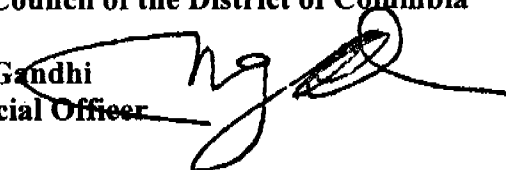


**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** FEB 20 2007

**SUBJECT:** Fiscal Impact Statement: "Proposed Rulemaking on the  
Assisted Living Residence Regulatory Act of 2000"

**REFERENCE:** Draft Resolution - No Number Assigned

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**Conclusion**

The Department of Health FY 2008 Budget Request reallocates \$254,000 of available funds for implementation of the proposed rules. If approved by the Council, these funds plus fee revenues will be sufficient to implement the provisions of the proposed rulemaking for the FY 2008 through FY 2011 Budget and Financial Plan period.

**Background**

The proposed rulemaking establishes the fee structure for the licensure of the assisted living facilities in accordance to Section 1301 of the Assisted Living Residence Regulatory Act of 2000, effective June 24, 2000, D.C. Law 13-127, D.C. Official Code § 44-113.01. The rule structure includes:

- a base license fee of \$100 per facility, plus a fee of \$6 per resident, based on the license capacity to be paid at the time of initial license application, and thereafter at each license renewal every 12 months,
- a late fee of \$100 per facility to be charged in addition to regular fees, should a facility fail to apply for an initial or renewal license within the period required by law, and
- a fee of \$100 per facility for revisions in the license that do not require a re-inspection of the facility, and an additional fee of \$6 per resident based on the license capacity for revision that require a re-inspection.

The Department of Health would establish a unique revenue account to hold the fees generated by the program. The revenue would then revert to the administration overseeing assisted living for programmatic use.

The program would be implemented on October 1, 2007.

### Financial Plan Impact

On the cost side, the Department of Health indicates that the implementation of the new program would require two additional FTEs—a supervisory social worker at MSS 13 at an average annual salary of \$83,439, and a nurse consultant at CAA 6, with an annual salary of \$83,875. (Fringe benefits for these positions are roughly 17.95 percent of the base salary.) Additionally the program would require a one-time cost of \$2,600 for purchase of computer equipment, and \$58,635 annually for the payment of other non-recurring non-personnel costs including office supplies, computer maintenance, office support, and contract payments for an annual survey of the assisted living facilities. Table 1 summarizes the costs estimates for the implementation of the program.

Table 1- Cost Estimates Associated with the Administration of the Assisted Living Facilities Licensing Program, FY 2007 through FY 2010					
	FY 2008	FY 2009	FY 2010	FY 2011	4-Year Total
Personnel Costs*	\$197,347	\$203,267	\$209,365	\$215,646	\$825,626
Non-Personnel Costs	\$61,235	\$58,635	\$58,635	\$58,635	\$237,140
<b>Total Costs</b>	<b>\$258,582</b>	<b>\$261,902</b>	<b>\$268,000</b>	<b>\$274,281</b>	<b>\$1,062,766</b>

\*Personnel cost estimates incorporate 3 percent cost-of-living adjustments for FY 2009 and FY 2011, and fringe benefits at 17.95% of the base salary.

On the revenue side, according to the Department of Health, fourteen facilities with a total capacity of 660 residents (approximately 47 residents per facility) have expressed interest in participating in the licensing program.

Because currently no licensing program covers the assisted living facilities in the District of Columbia, statistics on late applications and renewal rates are not available. Statistics from the licensing program of community residences suggest that annually, 20 percent of assisted living facilities are likely to miss application deadlines<sup>1</sup>, and approximately 13 percent are likely to apply for revised licenses.<sup>2</sup> Table 2 summarizes the revenue

<sup>1</sup> There are 199 licensed community residence facilities in the District of Columbia, with an average capacity of nine residents per facility, and a total capacity of 1894 residents. Adjusting for size, this translates into approximately 40 facilities comparable to the size of a typical assisted living facility. Annually eight facilities miss their deadlines for license application or renewal, or 20 percent of the facilities, adjusted for size.

<sup>2</sup> The renewal rate among community residence facilities is approximately five per year.

estimates based on the proposed license fee structure, and late and revised license application estimates derived from the community residence licensing experience.

<b>Table 2- Revenue Estimates of the Proposed Licensing Fees, FY 2007 through FY 2010</b>					
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>4-Year Total</b>
Number of Facilities	14	14	15	16	
Capacity per Residence	47	47	47	47	
Late applications per year	3	3	3	3	
Renewals without inspections	1	1	1	1	
Renewals with Inspections	1	1	1	1	
<i>Revenues from licensing</i>	\$5,348	\$5,348	\$5,730	\$6,112	<b>\$22,538</b>
<i>Revenues from late applications</i>	\$300	\$300	\$300	\$300	<b>\$1,200</b>
<i>Revenues from renewals</i>	\$482	\$482	\$482	\$482	<b>\$1,928</b>
<b>Total Revenues</b>	<b>\$6,130</b>	<b>\$6,130</b>	<b>\$6,512</b>	<b>\$6,894</b>	<b>\$25,666</b>

The Department of Health's FY 2008 Budget Request reallocates a total of \$254,000 for implementation of the proposed rules, including \$197,166 for personnel costs, and \$56,384 for the nonpersonnel costs and contractual services.

Table 3 summarizes the net impact of the proposed rulemaking on the District's four-year Budget and Financial Plan.

<b>Table 3- Estimated fiscal impact of the proposed rulemaking, FY 2007 through FY 2010</b>					
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>4-Year Total</b>
<b>Total Administrative Costs</b>	\$258,582	\$261,902	\$268,000	\$274,281	<b>\$1,062,766</b>
<b>Total Funds Available</b>	\$259,680	\$265,595	\$272,069	\$278,727	<b>\$1,076,071</b>
<i>Total Licensing Revenues</i>	\$6,130	\$6,130	\$6,512	\$6,894	<b>\$25,666</b>
<i>Reallocations in the Dept. of Health Budget*</i>	\$253,550	\$259,465	\$265,557	\$271,833	<b>\$1,050,405</b>
<b>Net Financial Impact</b>	<b>\$1,098</b>	<b>\$3,693</b>	<b>\$4,069</b>	<b>\$4,445</b>	<b>\$13,305</b>

\* The reallocations for personnel costs incorporate 3 percent cost-of-living adjustments for FY 2009 and FY 2011