

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** HB 365

House of Origin      X   Introduced               Substitute               Engrossed  
Second House               In Committee           Substitute               Enrolled

**2. Patron:** Carrico

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Drug Screening for Applicants and Recipients of Public Assistance.

**5. Summary:** This bill requires the Department of Social Services (DSS) in conjunction with the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) to develop a standardized screening instrument for illegal drug use. This bill requires local departments of social services to screen all applicants and recipients of public assistance for the use of illegal drugs. Periodic screenings must be preformed no more that once every six months. This bill provides that, when a screening indicates reasonable cause to believe an applicant or recipient is using illegal drugs, the applicant or recipient must undergo a formal substance abuse assessment, which may include drug testing. If a drug test indicates that the applicant or recipient is using illegal drugs, the person shall become ineligible for public assistance. The person may reapply for public assistance once twelve months have elapsed from the date of initial ineligibility.

**6. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	\$4,078,356*	-	General
2009	\$5,364,704*	-	Nongeneral
2010	\$3,778,056*	-	General
2010	\$4,937,004*	-	Nongeneral
2011	\$3,778,056*	-	General
2011	\$4,937,004*	-	Nongeneral
2012	\$3,778,056*	-	General
2012	\$4,937,004*	-	Nongeneral
2013	\$3,778,056*	-	General
2013	\$4,937,004*	-	Nongeneral
2014	\$3,778,056*	-	General
2014	\$4,937,004*	-	Nongeneral

\*Does not include local match of \$1,837,640 in FY 2009 and \$1,655,640 each year thereafter.

**7. Budget Amendment Necessary:** Yes, Item 339.

- 8. Fiscal Implications:** There is a significant cost associated with substance abuse screenings, assessments and drug testing. The administrative effort required to process and screen applications will greatly increase the local staff workload. It is estimated that there are 221,500 applicants (unduplicated) for assistance each year based on the FY 2007 figures for assistance programs compiled in the department's 2008 Annual Statistical Report. Under HB 365 each of these individuals must be screened as part of the application process. In addition, recipients must also be screened periodically. Based on the average number of cases in FY 2007, it is estimated that approximately 394,000 individuals (unduplicated) are receiving assistance. It is assumed that 50 percent of these (or 197,000) will be screened once each year.

It is assumed that it will take 30 minutes to administer and review the screening for each applicant/recipient. Based on an average of 1,500 productive hours per worker, 140 additional eligibility workers (418,500 screenings \* 30 minutes / 1500 hours) will be required statewide. At an average yearly salary of \$35,000 for eligibility workers, the total cost for additional local staff is \$9,188,200 the first year and \$8,278,200 each year thereafter. This includes operating cost of \$7,570 per worker for items such as supplies, telephone and rent, and one-time costs of \$6,500 the first year for office furnishings and equipment. This does not include any cost for additional supervisory staff.

The number of applicants and recipients that would be referred for formal assessment is unknown. Taking a conservative approach, it is assumed that ten percent (10 percent) of the individuals screened will be referred for formal assessment and/or drug testing. Due to the level of expertise needed to collect, evaluate, and determine evidence of illegal drug use the department will contract with local Community Service Boards (CSB) or other professional vendors to perform the formal assessments, and the drug tests. Currently the test cost approximately \$50 per individual. If ten percent or 41,850 of the total screened population were sent for drug testing, at a cost of \$50 per person, the total cost would be \$2,092,500 annually.

The impact on benefits cannot be determined as there is no way to predict with any degree of certainty how many individuals would test positive for illegal drug use. Further, federal regulations prohibit the use of such criteria in determining eligibility for many DSS programs, including Food Stamps and Medicaid.

The total estimated cost for screenings, assessments, and drug testing is \$11,280,700. This includes local match of \$1,837,640 in FY 2009 and \$1,655,640 each year thereafter for additional staff.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Social Services

Local Departments of Social Services

Department of Mental Health, Mental Retardation and Substance Abuse Services

Department of Health Professions

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/22/2008

**Document:** G:\2008 Fiscal Year\08 Session\FIS\HB365.Doc

cc: Secretary of Health and Human Resources