

Department of Legislative Services  
 Maryland General Assembly  
 2008 Session

FISCAL AND POLICY NOTE

House Bill 1300 (Delegate King)  
 Appropriations

Family Investment Program - Eligibility - Drug Testing

This bill requires individuals applying for or receiving Family Investment Program services to submit to testing for controlled dangerous substances. An applicant or recipient of assistance who fails to submit to testing or tests positive is prohibited from receiving services until certain criteria have been met.

Fiscal Summary

**State Effect:** General and federal fund expenditures could increase by \$2.1 million in FY 2009 to reflect increases in workload for income maintenance specialists and an expanded contract for drug assessment and testing. Future years reflect annualization and inflation. Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	848,300	1,132,600	1,160,800	1,189,900	1,219,900
FF Expenditure	1,272,400	1,699,000	1,741,200	1,784,800	1,829,800
Net Effect	(\$2,120,700)	(\$2,831,600)	(\$2,902,000)	(\$2,974,700)	(\$3,049,700)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Potential meaningful for laboratories that qualify as small business and provide urinalysis testing services.

## Analysis

**Bill Summary:** The bill conditions eligibility for Family Investment Program services on submitting to testing for controlled dangerous substances. Procedures are established for applicants and recipients of services who do not meet requirements:

- ***Applicants:*** A local department of social services must deny temporary cash assistance to an applicant if he or she tests positive for a controlled dangerous substance. An applicant who tests positive may reapply for temporary cash assistance once successfully completing a drug abuse treatment program or after 90 days if treatment is unavailable and a subsequent drug test is negative.
- ***Recipients:*** If a recipient does not comply with drug testing requirements, the recipient must be provided 30 days notice that benefits will be redirected due to lack of compliance. Temporary cash assistance immediately resumes once the recipient tests negative for abuse of controlled dangerous substances. If a recipient does not submit to testing within the 30-day notice period or tests positive for a controlled dangerous substance, a local department of social services must redirect temporary cash assistance benefits to a third-party payee or compliant adult recipient. Assistance resumes once the recipient successfully completes a drug abuse treatment program or after 90 days if treatment is unavailable and a subsequent drug test is negative.

**Current Law:** Assessment of temporary cash assistance recipients for substance abuse problems is mandatory, with participation in treatment required of those for whom it is appropriate. An addictions specialist must assess an applicant when the initial application is made or as considered appropriate by a case manager. If a drug screening reveals that an applicant or recipient has a substance abuse problem, the addictions specialist must refer the individual to treatment services. An individual who complies with treatment requirements continues to be eligible for assistance and may be exempt from other work activity requirements.

If an ***applicant*** does not comply with requirements, the local department of social services must send notice that the application will be denied if requirements are not met within 30 days. If a ***recipient*** does not comply with requirements, the local department must send notice that benefits will be redirected to a third-party payee or compliant adult recipient if requirements are not met within 30 days. The local department of social services must reinstate benefits if the applicant or recipient receives the required screening and assessment and appropriate substance abuse treatment is not available.

**Background:** The Michigan Family Independence Agency implemented a similar pilot program in 1999, which required all applicants and a random sample of recipients to submit to drug testing. A substance abuse assessment and interview were required of individuals who tested positive. Individuals referred to treatment were required to comply unless extenuating circumstances prohibited them from doing so. Assistance was not available to applicants who refused to comply with drug testing requirements and incrementally reduced for recipients who were noncompliant.

In September 2000, the Federal District Court for the Eastern District of Michigan issued a preliminary injunction prohibiting suspicionless drug testing of applicants and recipients of public assistance, finding that the practice violated constitutional protections against unreasonable search and seizure. After an initial reversal by the Sixth Circuit Court of Appeals, the Sixth Circuit Court *en banc* affirmed the decision of the District Court in March 2003.

Following the decision, the federal District Court issued a consent order that included the terms of a State of Michigan and American Civil Liberties Union agreement permitting suspicion-based testing of applicants and recipients of public assistance. The protocol requires applicants and recipients to sign a release form that allows state agencies and employers to share drug test results and treatment information. The protocol also includes a substance abuse questionnaire for applicants and recipients, with those identified as at risk referred for testing and treatment as needed.

**State Expenditures:** General and federal fund expenditures could increase by an estimated \$2.1 million in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring seven income maintenance specialists, one income maintenance supervisor, and one office clerk to monitor applications and ongoing eligibility of applicants while undergoing drug testing. It includes salaries, fringe benefits, contractual expenditures for addictions assessment and testing, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- all applicants for temporary cash assistance are tested for controlled dangerous substances, which could equate to a minimum of 52,000 referrals to testing each year;
- DHR expands its existing contract with the Alcohol and Drug Abuse Administration for managing referrals, responses, and testing to include an additional 34 specialists and all required testing supplies; and

- the publicly funded treatment system does not expand as a result of the new referrals.

Salaries and Fringe Benefits	\$315,311
Contract for Addictions Specialists	1,748,993
Other Operating Expenses	<u>56,428</u>
<b>Total FY 2009 State Expenditures</b>	<b>\$2,120,732</b>

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Department of Health and Mental Hygiene, Michigan Legislature, Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2008  
mll/hlb

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