



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 298 of the 131st G.A.

**Date:** December 7, 2015

**Status:** As Introduced

**Sponsor:** Reps. Schaffer and Maag

**Local Impact Statement Procedure Required:** No

**Contents:** To require applicants for unemployment benefits to submit to a drug test under certain circumstances, to require the Director of Job and Family Services to operate an Ohio Works First drug testing pilot program, and to make an appropriation

### State Fiscal Highlights

- Appropriates \$100,000 in GRF for FY 2016 and FY 2017 in the Department of Mental Health and Addiction Services' budget to fund drug treatment services provided to individuals seeking treatment under the Ohio Works First Drug Testing Pilot Program.

### Local Fiscal Highlights

- The three county departments of job and family services selected to take part in the pilot program will incur costs pertaining to training, administering a screening questionnaire, arranging agreements with protective payees, and providing information to Department of Job and Family Services (JFS) for a report on the pilot program that is to be prepared. These costs are expected to be minimal.
- Drug addiction programs in each of the respective pilot program counties may receive additional referrals as a result of the program. However, the cost of these additional clients served could be offset by the \$100,000 per year GRF appropriation.

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## Detailed Fiscal Analysis

### Ohio Works First Drug Testing Pilot Program

The bill requires the Director of Job and Family Services to establish a drug testing pilot program for Ohio Works First (OWF). The pilot program is to operate for two years in three counties. The bill requires individuals who apply for OWF in one of the three pilot counties to take an assessment to determine the applicant's likelihood of using a controlled substance illegally. Those that meet a certain threshold will be required to take a drug test. Applicants that refuse to cooperate with the assessment, refuse a drug test, or fail the drug test will still be able to receive their benefits indirectly through a protective payee for one year. As a result, the pilot program will not affect the amount of OWF benefits paid.

The bill requires a participating county's department of job and family services (CDJFS) to refer an adult who fails a drug test to a board of alcohol, drug addiction, and mental health services and requires the board to refer an adult who requests services to a certified community addiction services provider. Applicants that fail the drug test will be charged for the cost of the test.

The bill requires the Director of Job and Family Services to prepare a report regarding the pilot program. The CDJFS of each county participating in the pilot program must provide any information the Director needs to prepare the report. Therefore, both the Department of Job and Family Services (JFS) and the CDJFS of each county participating in the pilot program are expected to incur some administrative costs related to the report.

### Fiscal effects of pilot program

The bill appropriates \$100,000 in the GRF each fiscal year of the pilot program to cover the costs of treating those referred to a drug addiction program. These costs would vary based on which counties are included in the pilot program and the unemployment rate of the pilot counties. These factors would impact the number of adults who apply to the pilot program and conversely the number referred for drug treatment. Furthermore, the costs would vary with the intensity and duration of the drug treatment.

The \$100,000 appropriation would be available for treatment under the pilot program; however, if an individual seeking treatment as a result of the bill is Medicaid eligible and his or her treatment is determined to be medically necessary, the Medicaid Program might incur the cost of treatment.

## **Unemployment compensation drug testing**

The bill requires claimants to pass a drug test in order to receive unemployment benefits if either of the following applies:

- The claimant was discharged from employment with the claimant's most recent employer because of the unlawful use of a controlled substance. (The bill requires those filing for unemployment compensation benefits to disclose this information.)
- The claimant can only find suitable work in an occupation that the United States Department of Labor (DOL) has determined, by final rule, is an occupation that regularly conducts drug testing.

### **Fiscal Effect of unemployment compensation drug testing**

Considering the first condition, claimants losing their job by failing or refusing to take a drug test are ineligible for unemployment benefits under continuing law. During FY 2015, 1,036 claimants were denied unemployment benefits for failing a drug test and 265 were denied for refusing to submit to a drug test required by their employer. For the second condition, DOL has not issued a final rule to identify occupations that regularly conduct drug testing. As a result, this provision requiring drug testing will not have an immediate fiscal effect.