

# ***Fiscal Note & Local Impact Statement***

*122<sup>nd</sup> General Assembly of Ohio*

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**BILL:** Sub. H.B. 533 (LSC 122 0704-1)                      **DATE:** February 10, 1998  
**STATUS:** In House Criminal Justice                      **SPONSOR:** Rep. Coughlin  
**LOCAL IMPACT STATEMENT REQUIRED:** No — Permissive  
**CONTENTS:** Authorizes DRC and local authorities to contract with private laboratories to perform random drug testing of prisoners

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## ***State Fiscal Highlights***

<b>STATE FUND</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FUTURE YEARS</b>
<b>General Revenue Fund</b>			
Revenues	Negligible gain	Negligible gain	Negligible gain
Expenditures	- 0 -	- 0 -	- 0 -

- This bill permits DRC to contract with private laboratories for drug testing services, but does not require it. It is assumed that DRC would not choose to contract with such laboratories unless they could provide the services that DRC currently provides at a lower cost.
- Although the bill requires inmates to pay drug testing fees, and to be subject to civil fines in the event that drug abuse is indicated by testing, it is estimated that 75 to 90 percent of inmates are indigent, making the collection of such fees problematic. Thus, a negligible gain in annual revenues credited to the GRF is expected.

## ***Local Fiscal Highlights***

- As drug testing under the bill is permissive for county and municipal authorities, there will be no direct fiscal effect on local governments.



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## ***Detailed Fiscal Analysis***

### **Provisions of the Bill**

This bill permits the Department of Rehabilitation and Correction (DRC) to contract with private laboratories to randomly drug test prisoners in state correctional institutions. Prisoner reimbursement of drug testing expenses is required, as well as the adoption of rules guiding random drug testing in state correctional institutions.

The bill also permits: (1) county and municipal authorities to randomly drug test prisoners in county facilities with prisoner reimbursement of testing expenses; and (2) The Adult Parole Authority and local probation departments are permitted to require certain offenders to submit to random drug testing and to pay for testing.

### **DRC Inmate Drug Testing Policies**

DRC currently drug tests in four ways:

1. A five percent random sample of the population per month
2. For cause (reasonable suspicion of drug use exists)
3. As part of treatment programs
4. As part of statistically valid annual saturation level testing

In 1996, DRC tested 53,466 specimens using in-house testing at the laboratory at the Corrections Medical Center. Typically, a 6-panel drug test is administered, which tests for the presence of marijuana, cocaine, opiates, benzodiazepines, amphetamines, and alcohol in urine. The cost to DRC for in-house testing for each drug is \$0.51, so a 6-panel drug screen on a specimen costs \$3.56. Next April, the cost is anticipated to go down to \$0.38 per drug, with a cost of \$2.28 per 6-panel test.

In the first six months of FY98, DRC has tested 29,538 samples, so the anticipated yearly number of specimens subject to 6-panel tests is 60,000. Approximately half, or 30,000, of these tests are random. Three percent of the specimens are positive for drug use, and DRC policy requires that a confirmation screening be performed. This confirmation is done at a cost of \$1.25 per positive, with a total approximate annual cost of \$1,125 for confirmations (30,000 specimens x .03 testing positive x \$1.25).

The total annual cost to the GRF for DRC to do in-house drug testing randomly, for cause, as part of treatment, and saturation level testing is currently estimated to be \$215,850. If, as DRC anticipates, the cost of in-house drug testing is decreased to \$2.28 per 6-panel test in April, the total annual cost for DRC in-house random testing would be approximately \$69,525 with confirmations. This would result in savings to the GRF.

Rough estimates of the costs for similar services were provided by SAMSA (Substance Abuse and Mental Health Services Administration) certified private vendors in the following table.

**Table 1: Comparison of Estimated Random Drug Testing Costs\***

<b>Provider</b>	<b>DRC</b>	<b>Vendor A</b>	<b>Vendor B</b>	<b>Vendor C</b>	<b>Vendor D</b>
<b>Cost of 6-panel test per specimen</b>	\$3.56	\$15.00-20.00	\$10.00-12.00	\$12.50 (includes confirmation)	\$13.00-22.00
<b>Cost per confirmation of negatives</b>	\$1.25	\$25.00-50.00	\$25.00		\$50.00
<b>Estimated yearly cost of random testing</b>	<b>\$107,925</b>	<b>\$472,500 to \$645,000</b>	<b>\$322,000 to \$382,500</b>	<b>\$375,000</b>	<b>\$435,000 to \$705,000</b>

\*Assumes that approximately 30,000 specimens will be screened per year, with three percent, or 900 specimens, testing positive for drug use (as reported by DRC).

If DRC gave up responsibility for random testing of inmates, DRC would presumably save \$107,925 per year. However, contracting with an outside vendor for testing services would result in a net annual additional GRF cost of between \$225,000 to \$600,000. It is assumed that DRC would still retain responsibility for testing for cause and treatment program testing, if this were to occur. It is also assumed that DRC would not elect to contract with outside vendors unless these vendors could provide random drug testing services at a rate lower than DRC can do so. It is further assumed that, regardless of whether or not this bill takes effect, DRC could contract with private laboratories to provide these services, much as they would contract to acquire other medical services from private vendors.

This bill would also require inmates to pay drug testing fees and be subject to civil fines in the event that drug abuse is indicated by testing. However, it is estimated that 75 to 90 percent of inmates are indigent. Collection of such fees and civil penalties will most likely be problematic. Thus, little revenue will be collected annually. The bill is silent on where any such revenue collected would be deposited. Presumably, it would be credited to the GRF.

### **Adult Parole Authority Drug Testing Policies**

This bill codifies existing practice in permitting the Adult Parole Authority (APA) to require random drug testing of prisoners. APA receives funds for drug testing from the GRF and participates in random and nonrandom testing of inmates. APA now tests parolees under its supervision in-house. Currently, a 3-drug panel test is used at a cost of \$2.94 per test (\$0.98 per drug). APA has tested 47,132 specimens in the last half of FY 1997. Therefore, it may be assumed that APA collects and tests approximately 94,000 specimens yearly. Costs to the GRF include \$356,233 for testing equipment and supplies and \$152,000 for lab technicians per year, with a total annual cost of \$508,233.

This bill is not expected to change existing APA practices, so no fiscal impact to the APA is anticipated. Again, this bill compels the offender to reimburse the state for drug testing fees, with 75 to 90 percent of such offenders expected to be indigent. APA is not expected to receive any appreciable gain in revenues as a result of this.

## **Local Drug Testing Policy**

On the local level, drug testing occurs most often in probation, rather than in custody settings. As an example, the Franklin County Probation Authority participates in non-random in-house drug testing at the probation officer's discretion. Last year, the Franklin County Probation Authority performed 46,976 tests, at a cost of \$1.65 per test. This year, they expect to perform 64,000 tests. The annual budget for these services is approximately \$170,000. The existing policies of the Franklin County Probation Authority and similar agencies are not anticipated to be affected by this bill. This bill is permissive to county and municipal authorities.

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## ***Synopsis of Changes from Preceding Version***

This synopsis compares the fiscal effects of the changes in this bill to the previous version (As Introduced). Several changes are made in the substitute bill, including the following.

DRC would be permitted to contract with private laboratories to provide random drug testing services in the substitute bill. In the previous version of this bill, DRC would be required to contract with private laboratories to provide these services. It is estimated that to do so at this time would result in an annual cost to the GRF of between \$225,000 to \$600,000 per year. As this provision is now made permissive, no fiscal impact to the state GRF is determined to result. Presumably, DRC would not choose to contract with private laboratories unless they could provide the same services DRC currently provides at lower rates. While this is not likely to happen in the foreseeable future, a potential savings could result if a private vendor could do so and DRC chose to contract with them.

Only prisoners who test positive would be required to pay for drug testing in the substitute bill. In the previous version, local prisoners were required to reimburse local authorities for testing, regardless of the test outcome. For local authorities, prisoners who test positive would be required to reimburse the authorities for the test under applicable "pay to stay" laws. Given that 75 to 90 percent of offenders are indigent, this is estimated to result in a negligible increase in revenue for local authorities.

Various other changes are made, including elimination of hearings for offenders who test positive and the establishment of policies and procedures to govern drug testing by private entities. These changes, as they affect permissive portions of the bill, are determined to have no fiscal effect.

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