

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 83 (First Edition)

SHORT TITLE: ADET School/Fee/Qualis. Increase.

SPONSOR(S): Senator Dannelly

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES:					
Local Mgt. Entities	\$50,720	\$50,720	\$50,720		
DMH/DD/SAS	\$57,661	\$57,661	\$57,661	\$57,661	\$57,661
EXPENDITURES:					
Local Mgt. Entities	See Assumptions and Methodology: The additional cost associated with establishing the minimum number of class hours and maximum class size could not be estimated				
DMH/DD/SAS	\$57,661	\$57,661	\$57,661	\$57,661	\$57,661
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services and Local Management Entities					
EFFECTIVE DATE: Sections 1, 3, & 4 – Effective once the bill is enacted; Section 2 – January 1, 2009.					

BILL SUMMARY:

Amends GS 122C-142.1(f) to increase amount of fee paid to schools for alcohol and drug education to \$160 (was, \$75) and to increase percentage of fee remitted to Department of Health and Human Services from area mental health facilities to 10% (was, 5%) of amount paid by person attending alcohol and drug education traffic (ADET) school. Enacts new GS 122C-142.1(d1) to require that ADET instructors have a CSAC, CCAS, or CSAPC certification beginning January 1, 2009. Requires Commission on Mental Health, Developmental Disabilities, and Substance Abuse Services to revise rules on hours of instruction for ADET schools so that minimum is at least 16 hours and revise rules on class size so that maximum is not more than 20 participants. Enacts new GS 122C-142.1(j) to require that Department study effectiveness of substance abuse services provided to persons required to have a certificate of completion for drivers license restoration, initial report on study due to the Joint Legislative Commission on

Governmental Operations on Dec. 31, 2007, and every two years thereafter. Fee increases effective upon adoption of rules regarding instructional hours and class size.

Source: Bill Digest H.B. 35 (02/02/2005)

ASSUMPTIONS AND METHODOLOGY:

The following assumptions were made in performing this fiscal analysis:

Increased Revenues to LME's in FY 2005-06	
Persons Served by LME's FY 2003-04	663
Current Fee per Person	\$75
Proposed Fee per Person	\$160
Fee Difference per Person	\$85
Less the 10% Charge by DMH/DD/SAS	\$76.50
Estimated Revenue Increase for LME's	\$50,720

- 16 Area and County Authorities, referred to in the document as local management entities (LME's), currently provide ADET schools as a direct service.
- While all 16 LME's will divest their ADET schools as part of mental health reform, this divestiture will occur over the next three years.
- For the purpose of this analysis, the LME's are assumed to retain their ADET schools for the next three years.
- The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS) will receive the full 10% remittance that the Division is authorized to take under statute. The increased remittance would be used to fund the outcomes study required in Section 4 of the proposed bill.
- The number of DWI offenders that enroll in ADET schools is assumed to remain constant at FY 2003-04 levels.

Impacts of the Fee Increase

By increasing the fee charged to DWI offenders from \$75 to \$160, ADET school providers will see an overall increase in revenues. These providers include 16 local management entities (LME's), which manage the delivery of community mental health, developmental disabilities, and substance abuse services. In order to determine the likely increase in revenue for the LME's, DHHS provided data on the number of persons served through LME ADET schools in FY 2003-04. Assuming that the number of ADET students remains relatively constant, the expected increase in revenue for the LME's should remain constant for the next two to three years.

This revenue increase for the LME's is affected by the current mental health system reform that DHHS is implementing. As part of reform, the LME's must divest of their direct services and contract for those services with private and other public providers. As a result, within the next three years, the 16 LME's currently providing ADET schools will need to contract for those services. This analysis assumes that revenues for the LME's providing ADET schools will remain constant until FY 2008-09, and at that time, the LME's will no longer administer the ADET schools directly. The following chart shows the estimated revenue increase for the LME's in FY 2005-06.

In addition to the revenue impact to the LME's, DMH/DD/SAS would also experience an increase in revenues. According to G.S. 122C-142.1, the Division has the authority to receive up to 5% of each fee paid by the DWI offender for ADET services. The increase in the fee will result in an increased amount of dollars remitted to DMH/DD/SAS. In addition to the fee increase, the proposed bill increases the percentage that is remitted to DMH/DD/SAS from 5% to 10%. The following chart describes the anticipated impact of the remittance and fee changes for the Division:

Increased Revenues for DMH/DD/SAS	
Persons Served in all ADETS FY 2003-04	4707
Current Fee per Person	\$75.00
Estimated Current Revenue for All Providers	\$353,025
Percentage Increase Remitted to DMH/DD/SAS	5%
Increased Revenue to DMH/DD/SAS for the current fee	
	\$17,651
Propose Fee per Person	\$160.00
Difference from Increased Fee	\$85
Estimated Revenue Increase for All Providers	\$400,095
Fee Percentage Remitted to DMH/DD/SAS	10%
Estimated Revenue Increase for DMH/DD/SAS from the Increased Fee	
	\$40,010
Total Revenue Increase for DMH/DD/SAS	
	\$57,661

Impacts to Expenditures

Sections 2 and 3 may impact the expenditures of any or all providers of ADET school services. Section 2 establishes in statute the instructor requirements for persons who administer the ADET classes. For any provider that hires instructors that do not meet this requirement, an additional expense would be incurred in hiring higher qualified instructors or purchasing training for existing instructors. Considering that the 16 LME's that current administer ADET schools will divest of those schools within the next three years, section 2 will not apply. The instructor standards will not go into effect until 2009, after the LME's will have divested of these services. No expenditure impact is expected for the LME from this section.

Section 3 requires the ADET school providers to deliver classes that are at least 16 hours long and have no more than 20 persons per class. For ADETS that are not in compliance, the minimum number of class hours could result in increased costs for additional instructor time. In addition, the maximum number of students could result in the need for more class space and/or additional classes. This provision would become effective in FY 2005-06, so an impact to LME expenditures is possible. This analysis does not estimate the expenditure impact to LME's. It is unclear whether any LME's are delivering ADET classes that are not in compliance with Section 3 of this draft bill.

Section 4 directs DHHS to perform an outcome study of the Certificate of Completion program. This study would be ongoing, and DHHS would be required to report to the Legislature every two years. According to DMH/DD/SAS, the cost of this study would be \$150,000 in the first year and

\$125,000 in subsequent years. As conceived by DMH/DD/SAS, this study would involve creating web-based method for providers to enter records for DWI offenders. This web-based system would allow DMH/DD/SAS to track outcomes for DWI offenders in the Certificate of Completion program and track the performance of providers. Absent an appropriation for such a system, the Division might incur fewer expenses through a paper-based system. This fiscal analysis assumes that the Division will perform a study equal in cost to the revenues available for the study. These revenues are collected through the 10% remittance on each ADET school fee paid by DWI offenders. This analysis assumes annual expenditures totaling \$57,661 for the outcome study.

SOURCES OF DATA: Department of Health and Human Services

TECHNICAL CONSIDERATIONS: None

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