

## Department of Planning and Budget

### 2022 Fiscal Impact Statement

**1. Bill Number:** HB318

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Freitas

**3. Committee:** Committee Referral Pending

**4. Title:** Peer Recovery Support Fund.

**5. Summary:** Establishes the Peer Recovery Support Fund (the Fund) to provide payment for the cost of peer-to-peer substance abuse recovery support services provided by individuals other than state or local government employees. The bill requires that 10 percent of the net profits of the Virginia Cannabis Control Authority derived from the sale of marijuana be appropriated to the Fund in the general appropriation act. The bill also directs the Board of Behavioral Health and Developmental Services to develop regulations setting forth criteria for payments for peer-to-peer substance abuse recovery support services provided by individuals other than state or local government employees from the Fund.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** See 8 below.

**8. Fiscal Implications:** This legislation creates the Peer Recovery Support Fund, which will be funded from a portion of the net profits of the Virginia Cannabis Control Authority from the sale of marijuana.

Any funds deposited into the Peer Recovery Support Fund would be expended by the Department of Behavioral Health and Developmental Services upon appropriation for the purposes of providing payment for the cost of peer-to-peer substance use disorder recovery support services provided by individuals other than state or local government employees.

In order to make these payments, the agency would need to develop regulations and create a system for making payments to individuals, as well as manage the program. Because the language in the bill is written to limit uses of the deposited funds to the actual payments, DBHDS cannot use those funds to cover the administrative costs of managing the program and would require general fund support or authority to use these revenues for administrative costs. While the cost of developing the payment system is indeterminate at this time, for the sake of comparison, DBHDS expended approximately \$300,000 to administer the Individual Family and Supports Program, which provides financial assistance to individuals and families, in FY 2021.

In order to make funds available for the Peer Recovery Support Fund, the legislation would reduce the distribution to pre-k, substance abuse, public health, and cannabis equity programs and redistribute those revenues to the Peer Recovery Support Fund. The impact of this redistribution is based on the projections included in the fiscal impact statement for HB2312 of 2021, Special Session I.

Low End Projections:

<b>Projections from HB2312 (FY 2021 Session) - Low End</b>				
		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
GF Unrestricted		\$ 1,200,000	\$ 5,700,000	\$ 8,800,000
GF Restricted		\$ 600,000	\$ 2,800,000	\$ 4,300,000
Transportation		\$ 500,000	\$ 2,300,000	\$ 3,500,000
Local Option		\$ 500,000	\$ 2,500,000	\$ 3,900,000
Other		\$ 300,000	\$ 1,200,000	\$ 1,900,000
Pre-k	40.0%	\$ 4,280,000	\$ 21,160,000	\$ 32,560,000
Cannabis Equity	30.0%	\$ 3,210,000	\$ 15,870,000	\$ 24,420,000
Substance Use Disorder	25.0%	\$ 2,675,000	\$ 13,225,000	\$ 20,350,000
Public Health Programs	5.0%	\$ 535,000	\$ 2,645,000	\$ 4,070,000
	<b>Total</b>	<b>\$ 13,800,000</b>	<b>\$ 67,400,000</b>	<b>\$103,800,000</b>

<b>HB 318 - Low End</b>				
		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
GF Unrestricted		\$ 1,200,000	\$ 5,700,000	\$ 8,800,000
GF Restricted		\$ 600,000	\$ 2,800,000	\$ 4,300,000
Transportation		\$ 500,000	\$ 2,300,000	\$ 3,500,000
Local Option		\$ 500,000	\$ 2,500,000	\$ 3,900,000
Other		\$ 300,000	\$ 1,200,000	\$ 1,900,000
Pre-k	37.5%	\$ 4,012,500	\$ 19,837,500	\$ 30,525,000
Cannabis Equity	27.5%	\$ 2,942,500	\$ 14,547,500	\$ 22,385,000
Substance Use Disorder	22.5%	\$ 2,407,500	\$ 11,902,500	\$ 18,315,000
Public Health Programs	2.5%	\$ 267,500	\$ 1,322,500	\$ 2,035,000
Peer Support Fund	10.0%	\$ 1,070,000	\$ 5,290,000	\$ 8,140,000
	<b>Total</b>	<b>\$ 13,800,000</b>	<b>\$ 67,400,000</b>	<b>\$103,800,000</b>

Using the low end estimates for revenue, the change in distribution as a result of this legislation is projected to be as follows:

<b>Low End - Changes</b>			
	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Pre-K	\$ (267,500)	\$ (1,322,500)	\$ (2,035,000)
Cannabis Equity	\$ (267,500)	\$ (1,322,500)	\$ (2,035,000)
Substance Use Disorder	\$ (267,500)	\$ (1,322,500)	\$ (2,035,000)
Public Health Programs	\$ (267,500)	\$ (1,322,500)	\$ (2,035,000)
<b>Peer Support</b>	<b>\$ 1,070,000</b>	<b>\$ 5,290,000</b>	<b>\$ 8,140,000</b>

High End Projections:

<b>Projections from HB2312 (FY 2021 Session) - High End</b>				
		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
GF Unrestricted		\$ 1,900,000	\$ 9,500,000	\$ 14,600,000
GF Restricted		\$ 1,000,000	\$ 4,700,000	\$ 7,200,000
Transportation		\$ 800,000	\$ 3,800,000	\$ 5,800,000
Local Option		\$ 900,000	\$ 4,200,000	\$ 6,500,000
Other		\$ 400,000	\$ 2,100,000	\$ 3,200,000
Pre-k	40.0%	\$ 7,200,000	\$ 35,320,000	\$ 54,280,000
Cannabis Equity	30.0%	\$ 5,400,000	\$ 26,490,000	\$ 40,710,000
Substance Use Disorder	25.0%	\$ 4,500,000	\$ 22,075,000	\$ 33,925,000
Public Health Programs	5.0%	\$ 900,000	\$ 4,415,000	\$ 6,785,000
<b>Total</b>		<b>\$ 23,000,000</b>	<b>\$112,600,000</b>	<b>\$173,000,000</b>

<b>HB 318 - High End</b>				
		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
GF Unrestricted		\$ 1,900,000	\$ 9,500,000	\$ 14,600,000
GF Restricted		\$ 1,000,000	\$ 4,700,000	\$ 7,200,000
Transportation		\$ 800,000	\$ 3,800,000	\$ 5,800,000
Local Option		\$ 900,000	\$ 4,200,000	\$ 6,500,000
Other		\$ 400,000	\$ 2,100,000	\$ 3,200,000
Pre-k	37.5%	\$ 6,750,000	\$ 33,112,500	\$ 50,887,500
Cannabis Equity	27.5%	\$ 4,950,000	\$ 24,282,500	\$ 37,317,500
Substance Use Disorder	22.5%	\$ 4,050,000	\$ 19,867,500	\$ 30,532,500
Public Health Programs	2.5%	\$ 450,000	\$ 2,207,500	\$ 3,392,500
Peer Support Fund	10.0%	\$ 1,800,000	\$ 8,830,000	\$ 13,570,000
<b>Total</b>		<b>\$ 23,000,000</b>	<b>\$112,600,000</b>	<b>\$173,000,000</b>

Using the high end estimates for revenue, the change in distribution as a result of this legislation is projected to be as follows:

High End - Changes			
	FY 2024	FY 2025	FY 2026
Pre-K	\$ (450,000)	\$ (2,207,500)	\$ (3,392,500)
Cannabis Equity	\$ (450,000)	\$ (2,207,500)	\$ (3,392,500)
Substance Use Disorder	\$ (450,000)	\$ (2,207,500)	\$ (3,392,500)
Public Health Programs	\$ (450,000)	\$ (2,207,500)	\$ (3,392,500)
<b>Peer Support</b>	<b>\$ 1,800,000</b>	<b>\$ 8,830,000</b>	<b>\$ 13,570,000</b>

Because no appropriation has been made for these programs to date, there is no need for a budget amendment to reduce or transfer appropriation. However, diverting funds to the Peer Recovery Support Fund will reduce available funding in future years for those areas previously selected to receive proceeds.

**9. Specific Agency or Political Subdivisions Affected:** Department of Behavioral Health and Developmental Services, Virginia Department of Health, Department of Education.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.