

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 22, 2009

TO: Honorable Patrick M. Rose, Chair, House Committee on Human Services

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB830 by Christian (Relating to drug testing of certain persons seeking or receiving financial assistance benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB830, As Introduced: a negative impact of (\$17,126,114) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$1,540,132)
2011	(\$15,585,982)
2012	(\$15,141,894)
2013	(\$15,156,462)
2014	(\$15,171,516)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Federal Funds 555	Probable Savings from General Revenue Fund 1	Probable Savings from Federal Funds 555
2010	(\$1,540,132)	\$0	\$0	\$0
2011	(\$16,448,454)	(\$2,698,837)	\$862,472	\$2,698,837
2012	(\$16,005,480)	(\$2,698,837)	\$863,586	\$2,698,837
2013	(\$16,021,200)	(\$2,698,837)	\$864,738	\$2,698,837
2014	(\$16,037,444)	(\$2,698,837)	\$865,928	\$2,698,837

Fiscal Year	Change in Number of State Employees from FY 2009
2010	20.8
2011	129.2
2012	129.2
2013	129.2
2014	129.2

Fiscal Analysis

The bill adds a section to Chapter 31 of the Human Resources Code that would require each adult applying for or receiving financial assistance, including adult applicants applying solely for the benefit of a child and adult non-recipient parents, to submit to a drug test as a condition of initial or continuing eligibility for financial assistance benefits. The presence of illegal drugs would disqualify the person and their family for six months. If a person disqualified for illegal drugs reapplies after six months, they must submit to another drug test, and if determined eligible for assistance, are required to submit to monthly drug testing to maintain eligibility. The Health and Human Services Commission (HHSC) cannot deny benefits until they have notified the person of the results of the drug test and provide the person with an opportunity for a public hearing. The executive commissioner of HHSC is required to adopt rules. The bill would apply only to eligibility determinations made on or after September 1, 2009, the effective date of the bill.

Methodology

The estimated total net cost of the bill would only be out of the General Revenue Fund, since HHSC has indicated that it would use the freed up TANF federal funds to offset the costs. The estimated total net cost would be \$1.5 million in fiscal year 2010 and \$15.6 million in fiscal year 2011. In each subsequent fiscal year, it would be about \$15.1 million. This includes a decrease in TANF benefits of about \$2.8 million each year in all Funds (\$0.1 million General Revenue Funds) due to people becoming disqualified for TANF cash assistance when they tested positive for drugs. HHSC anticipates that a monthly average of 3,511 fewer recipients would receive TANF benefits in fiscal years 2011-14 once the bill was implemented. The net impact on staffing would be an increase of 20.8 FTEs in fiscal year 2010 during start-up, increasing to 129.2 FTEs in fiscal years 2011-14.

The drug testing would require more staff time, so would increase the need for FTEs. This would require 20.8 additional FTEs for fiscal year 2010 as the program was put in place and staff were trained regarding drug testing. HHSC would need 138.8 additional FTEs for fiscal years 2011 forward. The FTEs are based on needing 83 workers to perform functions related to 307,186 drug tests per year at 25 additional minutes per test, starting in fiscal year 2011. In addition, it assumes 1 supervisor, 1 worker IV, and 3 clerks per 10 eligibility workers; and 1 HHSC Enterprise Support staff for every 16 eligibility positions. On the other hand, the drop in the TANF caseload would require fewer staff, leading to an offsetting drop of approximately 9.6 FTEs in fiscal years 2011-14.

The cost of the additional FTEs is estimated at \$1.0 million in fiscal year 2010, \$8.4 million in fiscal year 2011, and \$8.0 million in each subsequent year. The drug tests are estimated to cost \$35 per test, or \$10.8 million each year beginning in fiscal year 2011. Additional postage for mailings related to drug testing would cost an estimated \$0.3 million per year beginning in fiscal year 2011. HHSC estimates the one-time cost of modifying various automated eligibility systems would be \$510,000 in All Funds (all General Revenue Funds) during fiscal year 2010.

Starting in fiscal year 2011, HHSC estimates there would be savings associated with the reduction in TANF recipients, including \$0.5 million per year from staff reductions, \$0.3 million per year in reduced eligibility support contractor costs at \$85.44 per denied TANF recipient, and \$2.8 million in reduced benefits. About 96.5 percent of the savings in benefits (\$2.7 million) would be TANF federal funds, with the remaining \$0.1 million being General Revenue funds used for two-parent low-income families.

The Texas Workforce Commission anticipates no fiscal implication of implementing this bill.

Technology

The bill would require a one-time cost of \$510,000 to modify various automated eligibility systems.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 529 Health and Human Services Commission
LBB Staff: JOB, LI, CL, MH