

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 2013

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1244 by King, Ken (Relating to drug testing of certain persons seeking financial assistance benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1244, As Introduced: a negative impact of (\$759,117) through the biennium ending August 31, 2015.

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
2014	(\$178,500)
2015	(\$580,617)
2016	(\$588,640)
2017	(\$597,869)
2018	(\$609,283)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings from Federal Funds 555
2014	(\$178,500)	\$0
2015	(\$580,617)	\$533,311
2016	(\$588,640)	\$542,239
2017	(\$597,869)	\$556,127
2018	(\$609,283)	\$574,897

Fiscal Analysis

The bill would require each adult applicant, excluding applicants applying solely on behalf of a child, for financial assistance benefits in the Temporary Assistance for Needy Families (TANF) to submit to a drug test. The bill would preclude an applicant whose drug test indicates the presence of a controlled substance not prescribed for the person from eligibility for financial benefits for

six months. The bill would establish rules for reapplication for TANF benefits.

The bill would require the Health and Human Services Commission (HHSC) to notify the person of the results and the proposed determination of ineligibility, confirm positive results of the drug test by a second drug test, and provide the person with the opportunity for a public hearing concerning the results. The bill would require HHSC to submit an annual report on the number of persons required to take the test, the number taking the test, and the number denied benefits as a result of the test.

Methodology

Based on agency analysis, it is assumed implementation of the drug testing provisions will take effect in September 1, 2014.

HHSC anticipates 1,293 adult applicants each month would be subject to the drug test required by the bill in fiscal year 2015, 1,311 per month in fiscal year 2016, 1,332 per month in fiscal year 2017, and 1,356 per month in fiscal year 2018. Based on the estimated test refusal rate of 3 percent, a drug test failure rate of 9.9 percent, and the requirement to confirm test results with a second test, HHSC anticipates providing 16,960 test in fiscal year 2015; 17,202 tests in fiscal year 2016; 17,478 tests in fiscal year 2017, and 17,790 tests in fiscal year 2018.

With an estimated cost per test of \$35, the total cost for the drug test would be \$593,590 in fiscal year 2015, \$602,062 in fiscal year 2016, \$611,747 in fiscal year 2017, and \$622,633 in fiscal year 2018. The estimated All Funds savings in client services for those cases that will be excluded from benefits as a result of positive drug testing is \$546,284 in fiscal year 2015, \$555,661 in fiscal year 2016, \$570,005 in fiscal year 2017 and \$588,247 in fiscal year 2018. For clients in the basic cash assistance program and recipients of the one-time grants, the savings would be in TANF Federal Funds; for clients enrolled in the state program, the savings would be in General Revenue Funds.

Based on the analysis of the Texas Workforce Commission, the decline in caseload resulting from implementation of the bill could have a minimal effect on individuals referred for the TANF employment and training program. HHSC indicates additional work resulting from changes in the eligibility process and the reporting requirement provisions of the bill could be implemented within existing resources.

Technology

HHSC anticipates a one-time technology impact for modifications to the Texas Integrated Eligibility Redesign System (TIERS) of \$178,500 in fiscal year 2014.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 529 Health and Human Services Commission

LBB Staff: UP, CL, MB, ES, VJC