

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 12, 2013

TO: Honorable Bob Deuell, Chair, Senate Committee On Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB21 by Williams (Relating to drug screening or testing as a condition for the receipt of unemployment compensation benefits by certain individuals.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB21, As Introduced: a negative impact of (\$670,445) 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	(\$501,942)
2015	(\$168,503)
2016	(\$168,503)
2017	(\$168,503)
2018	(\$168,503)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$501,942)	3.4
2015	(\$168,503)	3.4
2016	(\$168,503)	3.4
2017	(\$168,503)	3.4
2018	(\$168,503)	3.4

Fiscal Analysis

This bill would amend the Labor Code relating to drug screening or testing as a condition for the receipt of unemployment compensation benefits by certain individuals.

The bill would require the Texas Workforce Commission (TWC) to adopt a drug screening and testing program as part of the requirements for the receipt of benefits by certain individuals. In addition, an individual receiving benefits who applies for employment requiring pre-employment drug testing, and fails that test, would be required to report such a failure to TWC, and would not be eligible to continue receiving benefits. An individual who fails to report such a test result would be required to reimburse TWC for benefits received between the date of failure and the date TWC receives notice of the failure.

According to provisions of this bill, an individual would not be disqualified from receiving benefits if the individual is participating in a drug treatment program, or if the failure to pass the test was caused by the use of a prescribed substance. An individual who fails a pre-employment drug test or a drug test administered under this bill's provisions would not be eligible to receive benefits until the individual passed a subsequent drug test administered by or on behalf of TWC. TWC would be required to develop procedures for appeal and for the retaking of failed drug tests.

The changes in law made by this act would apply only to claims for unemployment compensation made on or after February 1, 2014.

This bill would take effect September 1, 2013.

Methodology

Based on information provided by TWC, this analysis assumes that drug screening of Unemployment Insurance (UI) claimants would be based on the claimant's occupation and whether that occupation was determined by the Department of Labor (DOL), through federal rules, to be one in which drug testing by employers is standard.

TWC assumes that the federal grant Texas receives to administer the unemployment compensation program would not be eligible to fund costs associated with the mandatory drug testing required by the bill based on communications the agency has had with the DOL. Accordingly, this analysis assumes that costs for implementing the provisions of the bill would be funded with General Revenue funds instead of Federal Funds. Based on information provided by TWC, this analysis estimates administrative costs of \$501,942 in fiscal year 2014 and \$168,503 in fiscal years 2015-2018 which includes an additional 3.4 Full-Time-Equivalent positions each fiscal year to implement the provisions of the bill. The administrative costs include one-time information technology personnel service costs, mailing costs in addition to drug testing costs of \$35 for the first test and subsequent test. TWC assumes all claimants failing the first test would re-qualify after the required four week duration.

TWC assumes that implementation of the bill would result in an estimated potential savings to the Unemployment Trust Fund totaling \$13,700,580 over a five-year period. This impact is not reflected in the tables above since these funds are located outside the Treasury.

Technology

TWC estimates a five-year technology cost of \$495,204. These costs would include one-time technology personnel service costs of \$333,439 in fiscal year 2014, which consists of approximately 7,000 hours for associated programmer and system analyst staff in both the UI Benefits System and WorkInTexas.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission
LBB Staff: UP, RB, MW, NV