

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 13, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB352 by King, Ken (Relating to the drug testing of certain persons seeking benefits under the Temporary Assistance for Needy Families (TANF) program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB352, As Introduced: a negative impact of (\$1,632,938) through the biennium ending August 31, 2017.

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
2016	(\$645,735)
2017	(\$987,203)
2018	(\$945,230)
2019	(\$915,617)
2020	(\$900,042)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2015
2016	(\$645,735)	(\$25,937)	0.0
2017	(\$987,203)	(\$116,817)	11.0
2018	(\$945,230)	\$31,335	11.0
2019	(\$915,617)	\$208,895	11.0
2020	(\$900,042)	\$301,844	11.0

Fiscal Analysis

The bill would amend Chapter 31 of the Human Resources Code to require each adult and minor parent who is head of household who applies initially for or for the continuation of financial assistance benefits in the Temporary Assistance for Needy Families (TANF) program to submit to

a controlled substance use screening assessment. The bill would require that the person submit to a drug test, if the screening indicates good cause to suspect use of a controlled substance.

The bill would require any applicant who has been convicted of a felony drug offense or who has previously been denied eligibility for TANF because of the results of the drug test to be tested without first submitting to the screening. The bill would establish timelines and rules for reapplication for benefits based on drug test failure, but would preclude the denial of eligibility for reason of a drug test from affecting the eligibility of the person's family.

The bill would require the Health and Human Services Commission (HHSC) to notify the applicant if they had been determined ineligible by reason of drug test and to confirm the results with a second test.

The bill would require HHSC in conjunction with the Department of State Health Services (DSHS) to develop the screening assessment, to pay for the screening assessment and drug test with TANF block grant federal funds, and to report to the Department of Family and Protective Services (DFPS) for use in an investigation conducted under Chapter 261 of the Family Code, a person whose drug test indicated the presence of a controlled substance not prescribed to the person.

In the instance when a person is determined ineligible to receive benefits for themselves or on behalf of their family, the bill would authorize the person to designate a protective payee to receive financial assistance benefits on behalf of a child whose parent or caretaker relative is ineligible for benefits as a result of testing positive for controlled substance use. The bill would require HHSC to submit the protective payee to the controlled substance screening assessment and possible drug test process also.

The bill also requires HHSC to provide individuals denied TANF benefits a list of substance abuse treatment providers in their area of residence, and requires HHSC to adopt rules implementing the provisions of the bill. The bill authorizes HHSC to seek federal approval if necessary to implement the bill and delay implementation until approval is granted.

The bill would go into effect on September 1st, 2015.

Methodology

The bill is estimated to result in a cost of \$1,632,938 in General Revenue and \$1,775,692 in All Funds through the biennium and \$4,393,827 in General Revenue and \$3,994,507 in All Funds over five years.

For purposes of this analysis, it is assumed that there is no additional federal TANF block grant funding available for expenditure; the analysis utilized all freed-up TANF Federal Funds at HHSC that results from implementing the bill to pay for the drug tests, as required by the bill. All other costs at HHSC are covered with General Revenue Funds. To the extent TANF Federal Funds become available, they could be utilized in lieu of General Revenue.

Based on agency analysis, it is assumed implementation of the drug screening provisions will take effect in September 1, 2016.

HHSC assumes it would use a no-cost screening tool and that related costs would be immaterial and absorbed within existing resources. HHSC has indicated that costs related to promulgating and adopting rules to implement the bill are immaterial, and could be absorbed within existing resources.

HHSC assumes that urine drug tests will be utilized and handled through a drug testing professional services contract at a projected cost of \$7,387 in General Revenue and \$58,867 in All Funds for fiscal year 2017, \$8,775 in General Revenue and \$69,926 in All funds for fiscal year 2018, \$8,950 in General Revenue and \$71,323 in All Funds for fiscal year 2019, and \$9,129 in General Revenue and \$72,748 in All Funds for fiscal year 2020.

HHSC assumes a cost savings will be generated due to individuals being excluded from TANF benefits through drug screening and tests. HHSC projects a savings of \$11,406 in General Revenue and \$80,104 in All Funds for fiscal year 2017, \$41,003 in General Revenue and \$287,519 in All Funds for fiscal year 2018, \$70,791 in General Revenue and \$496,088 in All Funds for fiscal year 2019, and \$86,545 in General Revenue and \$606,038 in All Funds for fiscal year 2020.

DFPS has indicated that it would require an increase of 11 FTEs (8 CPS Investigators, 1 CPS Investigative Supervisor, 1 Protective Services Intake Specialist, and 1 CPS Administrative Assistant) in each fiscal year from fiscal years 2017-20 which would total to \$991,222 in General Revenue and \$1,125,257 in All Funds for fiscal year 2017 and \$977,458 in General Revenue and \$1,131,487 in All Funds per fiscal year through fiscal years 2018-20.

The Office of the Attorney General, the Texas Workforce Commission, and DSHS have indicated that there would be no significant fiscal impact as a result of this bill.

Technology

HHSC has indicated that application and system modifications to the Texas Integrated Eligibility Redesign System and Eligibility Supporting Technologies are estimated at a one-time cost of \$520,000 in General Revenue in fiscal year 2016 at 5,200 hours of programming at a rate of \$100 per hour.

DFPS has indicated that the bill creates a need for new functionality to be added to IMPACT. It is estimated that it will cost \$125,735 in General Revenue and \$151,672 in All Funds in fiscal year 2016 to make the needed changes to the system at 1,481 hours of programming at approximately \$102.41 per hour.

Local Government Impact

No fiscal impact to Local Workforce Development Boards is anticipated.

Source Agencies: 302 Office of the Attorney General, 320 Texas Workforce Commission, 529 Health and Human Services Commission, 530 Family and Protective Services, Department of, 537 State Health Services, Department of

LBB Staff: UP, NB, MH, CG, TBo, JLi