

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2725 – SB 2580

April 20, 2012

**SUMMARY OF AMENDMENT (016979):** Deletes all language after the enacting clause. Requires the Department of Human Services to develop a plan to implement a program of suspicion-based drug testing for each applicant who is otherwise eligible for Temporary Assistance for Needy Families (TANF), or its successor program. Sets out certain requirements and criteria to be included in the plan. Requires the Department to submit to the Senate General Health and Welfare Committee and the House Health and Human Resources Committee quarterly updates, beginning October 1, 2012, on the status of the implementation of the plan, and to report, by January 15, 2014, its final plan and proposed rules for administration of the program. Requires the Department to implement the drug testing program beginning July 1, 2014, based on the plan submitted, unless otherwise directed by law. Requires the Department to develop a plan for funding of the costs of the screening process, the urine-based drug testing process, any personnel and information systems modification costs, and any other costs associated with the development and implementation of the testing process. Requires the plan to provide for funding from existing TANF or other funding available to the Department, from appropriations requested by the Department or from any combination of sources.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$244,600/FY12-13  
\$186,500/FY13-14  
\$172,300/FY14-15 and Subsequent Years

Other Fiscal Impact – The total decrease in recurring state expenditures from benefit sanctions as a result of the new eligibility requirement is estimated to be \$1,280,040. These TANF funds, not expended due to applicant sanctions, can be utilized by DHS in administering the drug testing program. However, according to DHS, the Department is already at the cap of allowable administrative costs for TANF and any cost avoidance resulting from this bill would be used to serve TANF eligible clients, resulting in an equal increase in recurring state expenditures, for a net impact of zero on TANF funds. It is anticipated that passage of this bill would result in legal action against the state, with litigation costs exceeding \$100,000.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – Any fiscal impact associated with the development of the plan, quarterly updates, and the report of the final plan to the appropriate committees will be not significant and can be accommodated within existing resources of the Department. Any fiscal impact associated with the implementation of the drug testing program will begin in FY14-15 and will be dependent on the specific requirements of the plan developed by the Department. Based on information previously provided by the Department, it is estimated that the total decrease in recurring state expenditures will exceed \$350,000 and that the total increase in recurring state expenditures associated with administrating the program will exceed \$180,000. TANF funds not expended due to applicant sanctions can be utilized by the Department to defray the costs of administering the drug testing program.**

Assumptions applied to amendment:

- The Department shall develop a plan to implement a program of suspicion-based drug testing according to the guidelines outlined in this bill.
- Any expenditures incurred for development of the plan, quarterly updates, and the report of the final plan to the appropriate committees will be not significant and can be accommodated within existing resources of the Department.
- The Department shall implement the drug testing program beginning July 1, 2014, based on the plan submitted, unless otherwise directed by law.
- Any fiscal impact associated with the implementation of the program will begin in FY14-15 and will depend on the specific requirements of the plan developed by the Department.
- Based on information previously provided by the Department, it is estimated that the total decrease in recurring state expenditures associated with TANF funds not expended as a result of the new eligibility requirement will exceed \$350,000.
- It is further estimated that the recurring cost of implementing the program will exceed \$180,000.
- TANF funds not expended due to applicant sanctions can be utilized by the Department to defray the cost of administering the drug testing program. Any funds remaining after defraying the costs of administering the program can be used by the Department in carrying out its duties to TANF recipients.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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