

Individual State Agency Fiscal Note

Bill Number: 2007 HB	Title: WorkFirst participation	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	2.6	3.5	3.1	3.5	3.5
Account					
General Fund-State 001-1	1,062,613	24,775,828	25,838,441	53,198,992	53,198,992
Total \$	1,062,613	24,775,828	25,838,441	53,198,992	53,198,992

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Request # 11HB2007.1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 - Any month that a family is not engaged in work or work activities for good cause as provided in RCW 74.08A.270(1) shall not count toward the sixty month limit for eligibility for Temporary Assistance for Needy Families (TANF).

Section 2 – Good cause reasons for failure to participate in WorkFirst include being a parent with a child under the age of two years. If the parent does not participate on a voluntary basis, the family is not eligible for child care services provided in RCW 74.08A.340.

Section 3 – If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds, the conflicting part of the act is inoperative.

Section 4 – This act takes effect May 1, 2011.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The TANF program is funded with a federal block grant. As such, any increased costs incurred due to passage of this legislation will need to be funded with GF-State funds.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

State Funded Program

Federal law prohibits the exclusion of federally-funded TANF months from the 60-month time limit except for: (1) a pregnant or minor parent who is not the head of the household or married to the head of the household (42 USC 608 (a) (7)(B)); and (2) an adult living in Indian Country or an Alaskan Native village with 50% unemployment (42 USC 608(a) (7)(D)). Unlike a TANF time limit extension that would continue cash aid for parents with infants, the stop the clock provision in this bill would require the development of a state-funded infant exemption program (SIEP) for use during the up to 24-month infant exemption period.

Assumptions:

- SIEP benefits would be paid to otherwise TANF-eligible families. As such, these benefits would meet the definition of qualified state expenditures and could be counted towards the State's TANF maintenance of effort (MOE).
- In order to claim these expenditures as MOE, certain TANF requirements apply including but not limited to: (1) coverage in the TANF State Plan; (2) 15% administrative cost cap; (3) work participation requirements; and (4) child

support assignment.

- An indeterminate number of families would qualify for SIEP due to no available childcare for a child under the age of six.
- It would be necessary to end SNAP and authorize Transitional Food (TFA) for SIEP recipients, increasing their federally-funded food benefits for up to five months.
- Pending further research, we are assuming SIEP families would qualify for Medicaid and child support enforcement services on the same basis as other TANF families.
- The parent, or each parent in a two-parent family, would determine which months she or he claimed the infant exemption.
- The department would restart the infant exemption clock for all families to ensure none of the up to 24 months counts towards the TANF time limit.
- One day of claiming an infant exemption in a month would stop the TANF clock for that month.

Implementation

Long-Term

Significant systems changes would be required to support a state-funded infant exemption program. Current work will need to be re-prioritized to accommodate this change. The system would need to authorize transitional food benefits and track fiscal expenditures and support existing data exchanges for TANF parents, such as those which currently exist with the Division of Child Support and the Medicaid Purchasing Administration. Vendor contract modifications may be required to generate SIEP payments via the EBT/EFT systems. In addition to the EBT/EFT vendor system changes, this will require two Automated Client Eligibility System (ACES) releases along with Support Enforcement Management System (SEMS) and Provider1 changes, and has a projected start date no sooner than February 1, 2012 and no later than May 1, 2012.

Since parents choose when to take the exemption and may divide the 24 months between children, it is assumed there would be at least one program change per parent per year, with each program change requiring one hour of staff time.

Interim

If this legislation passes with a May 1, 2011 effective date, staff would need to use interim processes until system changes are in place (between February and May 2012). The interim processes would be as follows:

- One hour of staff time per case per month to manually adjust the TANF clock, confirm use of the infant exemption and send a client notice that the month won't count towards the TANF time limit.
- Creation and generation of a monthly report of the families who received SIEP and their SIEP grant amount.
- Quarterly reconciliation by fiscal and federal reporting staff to indicate which families received SIEP benefits, and the amount of benefits they received, for use in the federal reports ACF 196, ACF 199 and in the annual ACF 204.
- It is unclear how staff might manually issue Transitional Food Benefits during this interim period, as the system is not programmed to support this functionality.
- Division of Child support would also use quarterly reconciliation for child support collections and distributions until systems changes are made.

Risks Related to May 1, 2011 Implementation

There may be risk of federal penalties during this interim period of manual processing including:

- A penalty of four percent of the federal TANF grant for each quarter a State fails to submit an accurate, complete and timely required report. Four to five quarterly reports would be completed using the interim processes.
- A penalty of five percent of the federal TANF grant for failure to accurately comply with the five-year limit on federal assistance.
- To the extent the department is unable to issue Transitional Food Benefits, we risk increasing our SNAP error rate and invoking potential federal sanctions.

Benefit Costs

Assumptions

Length of Stay – It is assumed that there will be an increase of 12 months of cash assistance for families receiving the longer exemption period specified in this legislation.

WorkFirst Services – It is assumed that there will be a one time savings in support services, contracted services, and staff time associated with clients exempted from participation in the first 12 months after passage of this legislation. It is assumed these clients will begin participation at the end of the extended exemption period and will participate at the same level they would have absent the longer exemption.

Staff Savings – It is assumed that there will be staff savings associated with clients being exempted from participation in the first 12 months following implementation of this legislation.

Risks

Under federal rules, clients utilizing the extended exemption specified in this legislation are subject to federal work requirements. To the extent that non-participation by these clients contributes to a failure to meet federal work participation requirements, penalties impacting the amount of federal TANF funds received will be incurred.

See attached document for supporting calculations. The costs presented in Parts I and III of this fiscal note assume needed system changes will be completed by February 2012. Should it not be possible to complete the necessary modifications until May 2012, cost of implementation will be larger than those shown in Parts I and III.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	2.6	3.5	3.1	3.5	3.5
A-Salaries and Wages	119,000	160,000	279,000	320,000	320,000
B-Employee Benefits	44,000	60,000	104,000	120,000	120,000
C-Personal Service Contracts					
E-Goods and Services	33,000	45,000	78,000	90,000	90,000
G-Travel					
J-Capital Outlays	4,000		4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	859,613	24,506,828	25,366,441	52,660,992	52,660,992
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	3,000	4,000	7,000	8,000	8,000
9-					
Total:	\$1,062,613	\$24,775,828	\$25,838,441	\$53,198,992	\$53,198,992

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2012	FY 2013	2011-13	2013-15	2015-17
Social Worker 2	45,800	2.6	3.5	3.1	3.5	3.5
Total FTE's	45,800	2.6	3.5	3.1	3.5	3.5

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Economic Services Administration (060)	1,062,613	24,775,828	25,838,441	53,198,992	53,198,992
Total \$	1,062,613	24,775,828	25,838,441	53,198,992	53,198,992

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

New and/or amended rules will be needed to implement this legislation.

Between February 2010 and January 2011, an average of 5,744 cases per month were exercising the current infant exemption. It is assumed that this same number will elect the additional 12 month exemption specified in this bill. Cases currently exercising the infant exemption have an average length of stay on assistance of 30.5 months.

It is assumed that passage of this legislation will increase by 12 months the total number of months these clients will receive cash assistance. It is also assumed that once these clients begin participating, they will participate at the same level they would have absent the additional exemption period. However, this participation will begin 12 months later. As such, savings related to the participation exemption will occur only in the first year after the effective date of the bill.

The following staff time is assumed for purposes of this fiscal note:

1.5 hours staff time at the beginning of the exemption period - no change in staff costs assumed

1.5 hours staff time at the end of the exemption period - savings in first year

.5 hours average hours per month for each participating client - savings in the first 12 months

1 hour per case per month until systems changes are in place

1 hour per case per year ongoing for one program each year - beginning after systems modifications are in place

	1st Year	2nd Year	3rd Year
Average Monthly Number Currently Participating	5,744	5,744	5,744
Change - HB 2007			
Average Monthly Number Exempt	5,744	(5,744)	(5,744)
Average Monthly Number Begin Delayed Participation		5,744	5,744
Change in Number Participating	5,744	-	-

Length of Stay	Add'l Exempt Cases		Cases - Increased Length of Stay		
	SFY 2011	SFY 2012	SFY 2012	SFY 2013	SFY 2014
July		5,744		3,832	5,744
August		5,744		4,311	5,744
September		5,744		4,790	5,744
October		5,744		5,269	5,744
November		5,744		5,744	5,744
December		5,744	479	5,744	5,744
January		5,744	958	5,744	5,744
February		5,744	1,437	5,744	5,744
March		5,744	1,916	5,744	5,744
April		5,744	2,395	5,744	5,744
May	5,744		2,874	5,744	5,744
June	5,744		3,353	5,744	5,744
Total Additional Exempt Client Months	11,488	57,440	13,412	64,154	68,928
Average Grant*			382	382	382
Estimated Increased Grant Costs			5,123,384	24,506,828	26,330,496

Average Grant Amount	449	Per 2010 ESA Briefing Book
15% Grant Reduction	-67	(\$449 * 15%)
Estimated Revised Grant	382	

Child Care

It is assumed that any decrease in the use of child care subsidies by these families will be offset by families on the wait list for child care subsidies. Therefore, no savings in child care costs is assumed.

Support Services	SFY 2011	SFY 2012
Total Additional Exempt Client Months	11,488	57,440
Average Monthly Support Service Cost	8.23	8.23
Estimated Annual Support Services Savings	(94,546)	(472,731)

Contracted Services	SFY 2011	SFY 2012
Total Additional Exempt Client Months	11,488	57,440
Estimated Percentage that Use Contractor Services	22%	22%
Estimated Number that Use Contractor Services	2,527	12,637
Estimated Monthly Contractor Cost - Part Time	300	300
Estimated Annual Contractor Savings	(758,208)	(3,791,040)

Staff Costs	SFY 2011	SFY 2012
Savings Due to Delayed Exiting of Exemption		
Families With Exemption Extended	958	4,786
Estimated Decrease in Hours of Staff Support Per Case	(1.50)	(1.50)
Estimated Decrease in Staff Hours	(1,437)	(7,179)
Annual Hours for Full Time FTE	1,656	1,656
Estimated Annual FTE Savings	(0.9)	(4.3)

Savings Due to No Case Management While In Exemption		
Total Additional Exempt Client Months	11,488	57,440
Estimated Decrease in Hours of Staff Support Per Case, per Month	(0.50)	(0.50)
Estimated Decrease in Staff Hours	(5,744)	(28,720)
Annual Hours for Full Time FTE	1,656	1,656
Estimated Annual FTE Savings	(3.5)	(17.3)

Costs Due to Manual Processing - Until Systems Modifications are Completed	SFY 2011	Assume Feb 2012	Assume May 2012	SFY 2013	SFY 2014
One Hour Per Month Per Exempted Case	5,744	5,744	5,744		
Number of Months	2	7	10		
Estimated Total Staff Hours Needed For Manual Processing	11,488	40,208	57,440		
Annual Hours for Full Time FTE	1,656	1,656	1,656		
Estimated Annual FTE Cost	6.9	24.3	34.7		

Ongoing Staff Cost associated with one status change per year Per Case

One Hour Per Year Per Exempted Case	5,744	5,744	5,744
Annual Hours for Full Time FTE	1,656	1,656	1,656
Estimated Annual FTE Cost	3.5	3.5	3.5

Total Estimated FTE Impact	2.6	2.6	16.5	3.5	3.5
Total Estimated Staff Costs	220,000	203,000	1,380,000	269,000	269,000

Total Estimated Cost/(Savings)	SFY 2011	Assume Feb 2012	Assume May 2012	SFY 2013	SFY 2014+
Increased Grant Costs - Length of Stay	-	5,123,384	5,123,384	24,506,828	26,330,496
Support Services Savings	(94,546)	(472,731)	(472,731)		
Contracted Services Savings	(758,208)	(3,791,040)	(3,791,040)		
Staff Savings	220,000	203,000	1,380,000	269,000	269,000
Total Estimated Cost/(Savings)	(632,754)	1,062,613	2,239,613	24,775,828	26,599,496