

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1875 E S HB	<b>Title:</b> WorkFirst, "work activity"	<b>Agency:</b> 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 2016	FY 2017	2015-17	2017-19	2019-21
<b>Account</b>					
General Fund-State 001-1	0	810,000	810,000	1,620,000	67,000
<b>Total \$</b>	0	810,000	810,000	1,620,000	67,000

### 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.

Legislative Contact: Melissa Palmer	Phone: 360-786-7388	Date: 02/12/2016
Agency Preparation: Wendy Polzin	Phone: 360-902-8067	Date: 02/23/2016
Agency Approval: Mickie Coates	Phone: 360-902-8077	Date: 02/23/2016
OFM Review: Rayanna Williams	Phone: (360) 902-0553	Date: 02/24/2016

## 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 - Amends RCW 74.08A.250 (7) to allow that vocational education training is not to exceed 24 months, rather than 12 months.

Section 2 - Amends RCW 74.08A.341 (4) to specify that the vocational education training work activity is subject to the availability of amounts appropriated.

### 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.*

Federal funding for WorkFirst services for TANF clients comes from a lidded block grant. Any increase in costs due to passage of this bill 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.*

The estimates provided in this fiscal note differ from the prior version due to a recalculation of individuals that are expected to take advantage of this participation option.

In state Fiscal Year (FY) 2012, a total of 14,464 clients participated in an educational activity according to the WorkFirst case management system, eJAS. Of these clients, 899 clients participated in time limited or job training educational program for 9 to 12 months. DSHS and the Office of Financial Management (OFM) forecasting division randomly selected a cohort of 89 of these clients to review. They found that 38, or 43 percent, of the sample were participating in two-year vocational programs. This means that of the 899 clients, 43 percent or 384, would be enrolled in a two-year program.

Participation in vocational education is only countable as a federal work participation requirement for 12 months. Clients may participate in either vocational education or stack another activity such as work study with job skills training to meet federal participation requirements. Based on the analysis done by OFM and DSHS, an assumption was made that those clients who were participating in activities for at least 9-12 months would be the likely group who would participate in a two year program, and would require the higher vocational education funding level.

According to the State Board for Community and Technical Colleges, in state FY 2014 the cost of vocational education was \$3,620 and the job skills training is \$1,510. As noted above, clients may participate in either job skills training or vocational education. For purposes of this fiscal note, it's assumed clients will have participated in job skills training and transition to vocational education. The difference needed in order to fund additional vocational education is \$2,110 per client.

Assuming that 384 clients will participate in a second year of vocational education, the total annual increase in cost will be \$810,000 GF-State (384x\$2,110).

This analysis did not take into account whether additional TANF clients would wish to participate in a two year

educational program, and potentially remain on the caseload for a longer period of time. Actual participation rates may be different than this analysis projected.

Implementation of this bill will negatively impact the State's ability to meet federal TANF work participation requirements. Failure to meet these federal requirements results in significant penalties to the state. However, the exact impact on work participation rates from passage of this bill cannot be determined. It therefore cannot be determined if passage of this bill will contribute to the receipt of a penalty. The potential fiscal impact of a failure to meet federal requirements is therefore indeterminate.

Section 3 of the bill repeals the definition of work activity effective August 1, 2019. Section 4 of the bill repeals the amendments held in Section 1 of the bill effective August 1, 2020. It's assumed that Section 4 will not apply, because the definition of work activity established in this bill will already have been repealed by Section 3. Only one month of costs are included in FY 2020 due to requirements in Section 3.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		810,000	810,000	1,620,000	67,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$810,000	\$810,000	\$1,620,000	\$67,000

### Part IV: Capital Budget Impact

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 or amended rules will be needed.