

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1603 2S HB AMS WM S3931.1	<b>Title:</b> Economic assistance programs
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Administrative Hearings	Fiscal note not available								
Department of Social and Health Services	.5	3,972,000	3,972,000	.4	2,504,000	2,504,000	.5	2,500,000	2,500,000
Department of Children, Youth, and Families	Fiscal note not available								
<b>Total \$</b>	<b>0.5</b>	<b>3,972,000</b>	<b>3,972,000</b>	<b>0.4</b>	<b>2,504,000</b>	<b>2,504,000</b>	<b>0.5</b>	<b>2,500,000</b>	<b>2,500,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Administrative Hearings	Fiscal note not available								
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	Fiscal note not available								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

NONE

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1603 2S HB AMS WM S3931.1	<b>Title:</b> Economic assistance programs	<b>Agency:</b> 300-Department 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 Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.6	0.3	0.5	0.4	0.5
<b>Account</b>					
General Fund-State 001-1	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000
<b>Total \$</b>	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000

*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).

☐

Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Maria Hovde	Phone: 360-786-7474	Date: 04/11/2019
Agency Preparation: Chris Chung	Phone: 360-902-7769	Date: 04/15/2019
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 04/15/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 04/15/2019

## 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 removes the Department of Social and Health Services's (DSHS) ability to impose permanent disqualifications.

Section 2 requires extensions of the 60 month lifetime limit for Temporary Assistance for Needy Families (TANF) benefits for those that meet certain criteria.

Section 6 applies these provisions prospectively only.

### 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.*

There are no cash receipt impacts.

### 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.*

DSHS assumes a July 1, 2019 implementation date for the purposes of fiscal estimates.

#### 1. TANF caseload impact

##### a. Permanent disqualifications

For attrition rates, DSHS assumes the client attrition rate in 19-21 Biennium and beyond will be the same as it was in the 15-17 Biennium due to macroeconomic and policy similarities with an average length of stay of six months. Because the permanent disqualifications affect a subpopulation with distinct characteristics, if these cases exhibit greater lengths of stay than this analysis anticipates, the estimates of caseload growth could be significantly understated.

DSHS also assumes that clients that are terminated due to a non-compliance sanction that would be permanently disqualified under current law would return to the Temporary Assistance for Needy Families (TANF) caseload after a six month hiatus under the proposal. Furthermore, DSHS assumes each client would exit the TANF caseload at the same rate as the greater TANF caseload, whose attrition rate already includes terminations due to non-compliance sanctions.

The removal of permanent disqualifications affects i) a retrospective group and ii) a prospective group. The retrospective group comprises those cases permanently disqualified between October 2011 and December 2018 that are currently receiving food benefits and are otherwise eligible to reenter the TANF caseload. The prospective group comprises those cases permanently disqualified or would be permanently disqualified in the status quo in and after January 2019.

##### i) Retrospective cases

To estimate the number of retrospective cases, DSHS identifies 300 cases that were permanently disqualified, but are currently receiving food benefits and are otherwise eligible to reenter the Temporary Assistance for Needy Families (TANF) caseload. Because these families will likely reapply during their eligibility reviews, DSHS assumes they will phase in over the 12 months following the implementation date.

ii) Prospective cases

To estimate the number of prospective cases, DSHS uses data from prior years to determine the number of cases that would not have been permanently disqualified under the proposed policy during this time period. Then, to factor in natural attrition, this analysis applies the attrition rates from the same period for each cohort. This 2015-17 Biennium caseload increase is reduced to levels predicted in the February 2019 forecast using a biennial caseload adjustment factor. The prospective group is disjoint from the retrospective group since the former only includes those permanently disqualified (or would be permanently disqualified under current law) on or after January 1, 2019, whereas the latter only includes those permanently disqualified before January 1, 2019.

As an example, August 2020 caseload increase is calculated using the following information:

- Permanently disqualified (PD) cases in October 2015: 11 cases
- PD cases in September 2015: 11 cases
- PD cases in August 2015: 7 cases
- PD cases in July 2015: 16 cases
- Estimated percentage of remaining TANF clients after one month attrition based on July 2015 to June 2017 data: 91.43 percent
- After two months attrition: 74.90 percent
- After three months attrition: 59.43 percent

i. DSHS computes the ratio between the actual total TANF caseload in the 2015-17 Biennium and forecasted total TANF caseload in the 2019-21 Biennium as follows:

$(24,489 \text{ (FY 2020 forecasted caseload)} + 24,051 \text{ (FY 2021 forecasted caseload)}) \div (31,287 \text{ (FY 2016 actual caseload)} + 28,556 \text{ (FY 2017 actual caseload)}) = 81.11 \text{ percent (biennial caseload adjustment factor)}$

In other words, since the actual 2015-17 Biennium caseload is approximately 20 percent higher than the projected 2019-21 Biennium caseload, this biennial caseload adjustment factor can appropriately reduce the former in order to model the latter.

ii. Continuing the example, DSHS calculates the hypothetical October 2015 caseload under this proposal as follows:

$11 \text{ cases} + (11 \text{ cases} \times 91.43 \text{ percent}) + (11 \text{ cases} \times 74.90 \text{ percent}) + (11 \text{ cases} \times 59.43 \text{ percent}) = 36 \text{ active cases}$

iii. Continuing the example, DSHS applies the biennial caseload adjustment factor to estimate the retrospective August 2020 caseload as follows:

$36 \text{ cases} \times 81.11 \text{ percent} = 29 \text{ cases}$

iv. Continuing the example, DSHS calculates the prospective caseload increase by phasing in 300 cases evenly over 12 months as follows:

$$25 \text{ cases} + (25 \text{ cases} \times 91.43 \text{ percent}) + (25 \text{ cases} \times 74.90 \text{ percent}) + (25 \text{ cases} \times 59.43 \text{ percent}) = 81 \text{ active cases}$$

v. Finally, DSHS combines the retrospective and prospective populations to compute the total caseload increase for August 2020:

$$29 \text{ cases} + 81 \text{ cases} = 110 \text{ cases}$$

DSHS estimates the TANF cash grant impact of removing DSHS's ability to impose permanent disqualifications to be \$622,000 GF-State in FY 2020, \$427,000 GF-State in FY 2021, \$219,000 GF-State in FY 2022, and \$215,000 GF-State in FY 2023 and every year thereafter.

b. Time limit extensions for those recipients that are homeless

Since most instances of homelessness are short in duration and only a small percentage of the TANF population is chronically homeless, DSHS assumes that each cohort will decay at a rate similar to the attrition rate observed prior to the implementation of the time limit policy and that each cohort will no longer be homeless at the end of its review period (12 months). This attrition rate assumes an average length of stay of approximately 7.4 months. Because the time limit rules affect a subpopulation with distinct characteristics, if these cases exhibit greater lengths of stay than this analysis anticipates, the estimates of caseload growth could be significantly understated.

Based on an analysis of FY 2018 data, DSHS determined that about 5.9 percent of cases terminated due to time limits were homeless as defined by the bill at the time of termination due to the 60 month time limit.

Using historical data on number of cases terminated due to exceeding the 60 month time limit in the 2015-17 Biennium, DSHS calculates the total number of cases that would not have been terminated under the proposed policy during this time period, unduplicating those cases that have been disqualified multiple times for exceeding the lifetime limit. Then, to factor in natural attrition, this analysis applies the attrition rates from the appropriate period for each cohort. This 2015-17 Biennium caseload increase is reduced to levels predicted in the February 2019 forecast using a biennial caseload adjustment factor. Finally, those that previously reached the lifetime limit and were terminated, but currently i) receive food benefits, ii) have incomes below the TANF cap, and iii) have dependent children in the household, are eligible and likely to reenter the TANF caseload. These additional 2,300 cases are phased in over 12 months as part of a 'welcome mat' effect. After multiplying the caseload numbers by 5.9 percent, or the portion of the population that are homeless as defined by the bill, DSHS estimates that the average monthly caseload impact will be 107 cases in FY 2020, 101 cases in FY 2021, 63 cases in FY 2022, 64 cases in FY 2023, and 63 cases in FY 2024 and every year thereafter.

Regarding the subpopulation currently receiving food benefits, terminated due to the lifetime limit, and are likely to return to the caseload, this analysis notes that the new clients in the 19-21 Biennium and beyond identified in the model are not the same people that were denied in the 15-17 Biennium, but rather a new group of people that would be denied in the future if the status quo were to continue. Therefore, this group of people (some of whom have yet to be born) is distinct from the group of clients currently receiving food benefits and would be eligible for TANF under the proposed changes. Therefore, these groups cannot be duplicates of one another.

DSHS estimates the TANF cash grant impact of allowing time limit extensions for these criteria to be \$591,000

GF-State in FY 2020, \$562,000 GF-State in FY 2021, \$352,000 GF-State in FY 2022, \$353,000 GF-State in FY 2023, and \$349,000 GF-State in FY 2024 and every year thereafter.

## 2. WorkFirst services impact

Based on enrollment as of July 2018 as well as FY 2018 expenditure data, DSHS assumes the following enrollment rates and per capita costs for new WorkFirst clients in each of the following partner agencies:

- Commerce Department: 11.4 percent enrollment, \$1,046 per case per month
- State Board for Community & Technical Colleges: 13.7 percent, \$633 per case per month
- Employment Security: 14.4 percent, \$585 per case per month
- Support Services: 80.7 percent, \$161 per unduplicated case
- DSHS Local Contracts and Statewide Programs: 14.8 percent, \$457 per case per month

Using the TANF caseload increase calculated above, DSHS calculates the following costs for FY 2021 for Commerce Department as an example:

$148 \text{ average monthly caseload} \times 11.4 \text{ percent} \times \$1,046 \text{ per case per month} \times 12 \text{ months} = \$211,000 \text{ GF-State}$

The total cost for WorkFirst services are \$864,000 GF-State in FY 2020 and \$649,000 GF-State in FY 2021 and every year thereafter.

## 3. Client services and case management impact

Based on data from FY 2019, each client service and case management activity takes the following amounts of time and frequency:

- Initial application for the 'welcome mat' subpopulation: 19 minutes, once
- Initial application for all other cases: 58.0 minutes, once
- Financial eligibility review: 28.8 minutes, three times per year
- Case management review: 20.0 minutes, four times per year

DSHS assumes productive work hours of 1560 hours per year for touch time calculations.

The total costs for client services and case management are 0.1 FTE Financial Services Specialist (FSS) 3, 0.2 FTE WorkFirst Program Specialist (WPS), and \$55,000 GF-State in FY 2020, 0.1 FTE FSS 3, 0.2 FTE WPS, and \$39,000 GF-State in FY 2021, 0.1 FTE FSS 3, 0.2 FTE WPS, and \$29,000 GF-State in FY 2022, and 0.2 FTE FSS 3, 0.3 FTE WPS, and \$38,000 GF-State in FY 2023 and every year thereafter.

## 4. Outreach costs

To develop, print, and translate brochures to explain the new policy, DSHS will require \$4,000 GF-State.

## 5. Information Technology (IT) impact

Implementing this policy will require changes to the Automated Client Eligibility System (ACES), BarCode, and the electronic Jobs Automated System (eJAS). DSHS estimates these costs at 0.2 FTE IT Specialist 4, 0.1 FTE IT

Systems/App Spec (ITSAS), and \$53,000 GF-State for staffing costs in FY 2020. In addition, DSHS would require \$106,000 GF-State in FY 2020 for contract costs to implement these changes in ACES.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000
<b>Total \$</b>			2,295,000	1,677,000	3,972,000	2,504,000	2,500,000

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

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.6	0.3	0.5	0.4	0.5
A-Salaries and Wages	45,000	20,000	65,000	46,000	52,000
B-Employee Benefits	53,000	15,000	68,000	12,000	12,000
C-Professional Service Contracts	106,000		106,000		
E-Goods and Other Services	10,000	4,000	14,000	10,000	12,000
G-Travel					
J-Capital Outlays	2,000		2,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	2,078,000	1,638,000	3,716,000	2,436,000	2,424,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	1,000		1,000		
9-					
<b>Total \$</b>	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000

### III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Financial Services Specialist 3	52,536	0.1	0.1	0.1	0.2	0.2
IT Specialist 4	79,920	0.2		0.1		
IT Systems/App Spec 6	97,392	0.1		0.1		
WorkFirst Program Specialist	57,984	0.2	0.2	0.2	0.3	0.3
<b>Total FTEs</b>		0.6	0.3	0.5	0.4	0.5

### III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Economic Services Administration (060)	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000
<b>Total \$</b>	2,295,000	1,677,000	3,972,000	2,504,000	2,500,000

## Part IV: Capital Budget Impact

NONE

There are no capital budget impacts.

## 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.*

This bill will require new and amended rules.