

Multiple Agency Fiscal Note Summary

Bill Number: 5214 2S SB AMH APP H1489.2	Title: Economic assistance programs
---	--

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Social and Health Services	.3	511,000	511,000	511,000	.8	10,064,000	10,064,000	10,064,000	.2	2,788,000	2,788,000	2,788,000
Department of Children, Youth, and Families	Fiscal note not available											
Total \$	0.3	511,000	511,000	511,000	0.8	10,064,000	10,064,000	10,064,000	0.2	2,788,000	2,788,000	2,788,000

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Preliminary 4/13/2021
-------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 5214 2S SB AMH APP H1489.2	Title: Economic assistance programs	Agency: 300-Department of Social and Health Services
--	--	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.5	0.3	0.8	0.2
Account					
General Fund-State 001-1	0	511,000	511,000	10,064,000	2,788,000
Total \$	0	511,000	511,000	10,064,000	2,788,000

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:

- ☒ 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.
- ☐ 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.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Linda Merelle	Phone: 360-786-7092	Date: 04/06/2021
Agency Preparation: Joshua Hinman	Phone: 360-902-7769	Date: 04/13/2021
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 04/13/2021
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 04/13/2021

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.

This bill amends RCW 74.08A.010 to add a new 60-month time limit hardship exemption for Temporary Assistance for Needy Families (TANF) recipients. Hardship is amended to include when a recipient receives TANF assistance during a month in which the Washington State unemployment rate is at or above seven percent, as published by the Employment Security Department.

This hardship exemption will be sequential to any other applicable hardship exemption, and will be equal to the number of months that the recipient received TANF during months at or above seven percent unemployment.

This hardship exemption applies to months after March 1, 2020, and all families who received TANF during a month of high unemployment after this date are eligible for this extension, regardless of whether they are current recipients.

This bill takes effect on July 1, 2023 if specific funding to extend the 60-month time limit is included in the 2021-23 Biennial budget. If not, this bill takes effect 90 days after the end of the 2021 Legislative Session.

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.

No cash receipts. Because the TANF grant is a lidded block grant, all costs will be funded with GF-State dollars.

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.

Section 4 of this bill applies a contingency to the effective date. This fiscal analysis assumes that specific funding for a 60-month time limit extension will be included in the 2021-23 Biennial budget, which triggers an effective date of July 1, 2023.

Costs for this policy (all GF-State) are divided as follows:

- Part I. Implementation: \$511,000 in Fiscal Year (FY) 2023
- Part II. Caseload Impact: \$4,822,000 in FY 2024; \$772,000 in FY 2025 and beyond
- Part III. WorkFirst Services: \$3,701,000 in FY 2024; \$595,000 in FY 2025 and beyond
- Part IV. Administrative Impact: \$147,000 in FY 2024; \$27,000 in FY 2025 and beyond

Total policy costs are estimated to be:

- \$511,000 and 0.5 FTE in FY 2023
- \$8,670,000 and 1.4 FTE in FY 2024
- \$1,394,000 and 0.2 FTE in FY 2025 and beyond

Alternatively, Parts V through VIII of this fiscal note include a separate analysis assuming implementation July, 2021. This second analysis is not included in the fiscal totals.

Costs for the alternative implementation (July, 2021) (not included in fiscal totals):

- Part V. Implementation: \$511,000 in FY 2022, and an indeterminate workaround risk
- Part VI. Caseload Impact: \$4,055,000 in FY 2022; \$826,000 in FY 2023 and beyond
- Part VII. WorkFirst Services: \$3,112,000 in FY 2022; \$637,000 in FY 2023 and beyond

- Part VIII. Administrative Impact: \$157,000 in FY 2022; \$28,000 in FY 2023 and beyond

Total policy costs for alternative implementation are estimated to be :

- \$7,835,000 and 2.1 FTE in FY 2022
- \$1,491,000 and 0.2 FTE in FY 2023 and beyond

Part I: Implementation Costs

The Economic Services Administration (ESA) Information Technology Services (ITS) will require 9 to 12 months to develop and test the solutions once the detailed requirements have been developed and documented. ESA-ITS anticipates moderate to significant impacts to the Automated Client Eligibility System (ACES) and Electronic Jobs Automated System (eJAS) including, but not limited to, creating or modifying: new parameter (s), case management time limit extension tools to include unemployment exclusion; TANF and State Family Assistance (SFA) eligibility processing rules; system edits or warning messages; eJAS-ACES interface; Individual Responsibility Plan boilerplate; Caseload Management Report (CLMR); text blocks; and letters.

To implement by July, 2023, ESA-ITS will commence work on or after July, 2022 (FY 2023). Therefore there are no costs in FY 2022. To implement, FY 2023 IT staffing cost is estimated to be \$75,000 (0.5 FTE) and contractor costs of \$417,000, as follows:

Staff:

- 360 hours IT Quality Assurance – Journey
- 180 hours IT Business Analyst – Senior
- 100 hours IT Customer Support – Journey
- 70 hours IT Business Analyst – Journey
- 55 hours IT Quality Assurance – Senior/Specialist
- 15 hours IT Project Management – Senior

Additionally, there will be an estimated \$17,000 administrative overhead costs to support these FTEs.

Contractor:

- 1,535 hours Application Developers (ACES) - Contractor, at \$170/hour
- 900 hours Application Developers (eJAS) – Contractor, at \$95/hour
- 275 hours Application Architect (ACES) – Contractor, at \$170/hour
- 90 hours Application Architect (eJAS) – Contractor, at \$170/hour
- 75 hours ACES Database Admin – Contractor, at \$114/hour

In addition to IT implementation, outreach costs are estimated to be \$2,000 for brochure development, printing, and translation.

Part II. Caseload Costs

DSHS estimates increased average monthly TANF caseload of 814 in FY 2024, and 131 in FY 2025 and beyond. To determine caseload impact, DSHS followed a two-step process: First, estimate the total number of time limit exemption (TLE) cases each month; Second, remove the proportion of TLE cases that would qualify for another TLE hardship category absent this policy.

Step One (establishing total TLE cases):

DSHS assumes TLE cases would qualify for a seven-month extension under this policy. From March, 2020 to date, the

seven percent unemployment rate threshold has been exceeded in seven months. The Washington State Economic and Revenue Forecast Council March 2021 Economic Forecast projects the unemployment rate to remain below seven percent indefinitely. However, future economic conditions are indeterminate and therefore the number of months exceeding the threshold between now and July, 2023 could be understated.

First, in looking at recent caseload data, DSHS determined that there are 3,177 active cases at or above 61 months on TANF as of December, 2020. For example, there were 132 active cases at 61 months in December, 2020; 144 cases at 62 months; 145 at 63 months; and so forth. DSHS assumes the same distribution for the remainder of the fiscal year, and thereby estimate 3,177 active TLE cases (61+ months) in June, 2021.

DSHS adds the impact of this "Entry Cohort" to 2021-23 and then caseload adjusts this impact to 2023-25 using the Caseload Forecast Council February 2021 TANF Caseload Forecast. DSHS estimates these cases will decay at the average monthly decay rate for Adult TANF cases (7.58 percent) based on December, 2020 caseload exit data.

The estimated Entry Cohort:

- June, 2021 (pre-policy): 3,177 cases at 61+ months
- July, 2023 (policy implementation): 2,744 remain in TLE status ($3,177 \times 93.46$ percent caseload adjustment \times 7.58 percent one-month decay)
- August: 2,536 Entry Cohort remains (7.58 percent decay rate)
- September: 2,344 Entry Cohort remains
- October: 2,166 Entry Cohort remains
- By January, 2024: 1,709 Entry Cohort remains
- February, 2024: The Entry Cohort is now zero, as the seven-month TLE extension has exhausted

Second, in addition to the Entry Cohort as described above, there will be additional TLE cases each month ("Monthly Cohorts"). DSHS looked to the December, 2020 distribution of cases at 60 months or fewer to estimate the Monthly Cohorts.

DSHS caseload adjusts the December, 2020 distribution to June, 2023. For example, there were 109 active cases at 60 months in December, and therefore DSHS projects there will be an estimated 102 active cases at 60 months in June, 2023 (93.46 percent caseload adjustment). As a second example, there were 94 cases at 59 months in December, 2020, and therefore DSHS projects 88 cases at 59 months in June, 2023. As another example, 117 cases were at 58 months in December, so DSHS projects 109 in June, 2023.

Following this 60 months or fewer June, 2023, distribution, and incorporating a monthly decay rate (7.58 percent), DSHS estimates how many TANF cases will enter their 61st month on TANF in each month in the 2023-25 Biennium. At the 61st month, a case enters TLE status.

For example, there will be an estimated 102 active cases at 60 months in June, 2023, which would decay to 94 cases in July, 2023, which is $[102 \times (1 - 7.58 \text{ percent})]$. Therefore 92 cases could qualify for a TLE in July, 2023. As a second example, DSHS projects 88 cases at 59 months in June, 2023, which will decay to 81 cases in July at 60 months, and then decay to 75 active cases at 61 months in August, 2023. Therefore, DSHS projects 75 cases could qualify for a TLE in August, 2023.

This process is repeated for all months, as follows:

- July, 2023: 94 active cases reaching 61 months (TLE)
- August: July cohort has decayed to 87, and there are 75 new 61-month cases in August, totaling 162 total TLE cases
- September: July cohort (now 80) + August cohort (now 69) + new September cohort (86) equal 236
- Process continues each month

Combining the Entry Cohort and Monthly Cohorts, DSHS estimates 2,838 active TLE cases in July, 2023; dropping to 2,119 cases by January, 2024; and dropping to 445 cases in February, 2024, which is the month in which the Entry

Cohort exhausts the seven-month extension.

Total average monthly TLE cases are estimated to be 1,605 in FY 2024, and 258 in FY 2025 and beyond.

Step Two (extracting TLE cases qualifying for existing hardship criteria):

After determining total TLE caseload in Step One, DSHS removed the impact from TLE cases that would otherwise qualify for a hardship exemption absent this new policy. First, DSHS looked to July through December, 2020, data to determine the number of existing TLE cases that qualify for an existing hardship exemption. Second, the projected impact of 2SSB 6478 is also excluded, which introduces a new hardship criteria beginning July, 2021. The estimate for 2SSB 6478 is 93 cases per month.

In combining the existing hardship criteria impact and projected 2SSB 6478 hardship cases, DSHS estimates 49.3 percent of TLE cases will qualify for a TLE hardship absent this policy. Therefore, Step One TLE caseload estimates are reduced by 49.3 percent.

DSHS estimates monthly caseload impact from this policy to be 814 in FY 2024, and 131 in FY 2025 and beyond.

Lastly, DSHS applies the February 2021 TANF Caseload Forecast per caps to the corresponding months. WorkFirst TANF per caps are estimated to be \$491.74 in FY 2023 and beyond. Total caseload impact is therefore estimated to be \$4,822,000 in FY 2024, and \$772,000 in FY 2025 and beyond.

Part III. WorkFirst Services

DSHS applies the FY 2020 WorkFirst Services per cap cost (\$379) to the caseload determined in Part II. The calculation is 814 cases x 12 months x \$379 per cap in FY 2024; and 131 cases x 12 months x \$379 per cap in FY 2025 and beyond.

Total WorkFirst Services impact is estimated to be \$3,701,000 in FY 2024, and \$595,000 in FY 2025 and beyond.

Part IV. Administrative Impact

Following the caseload analysis in Part II, there will be 1,796 unduplicated cases qualifying for a TLE under this new policy in FY 2024, and 217 per year in FY 2025 and beyond. With the monthly decay rate and projected seven-month exemption under this policy, unduplicated cases will average a four- to five-month length of stay. DSHS presumes a half-year stay for this analysis.

Assuming a half-year stay per unduplicated case, each would receive :

- One Mid-Certification Review, which is received on the 6th month and requires 20 minutes of staff touch time
- One Change of Circumstance Financial Review, which require 20 minutes touch time
- Two WorkFirst Case Management touches (one per quarter) which require 20 minutes touch time.

Therefore, each unduplicated case will require, on average, 80 minutes of staff touch time. In FY 2024, the FTE calculation is 80 minutes x 1,796 unduplicated cases ÷ 93,600 staff minutes per FTE. In FY 2025 and beyond, the FTE calculation is 80 minutes x 217 ÷ 93,600 staff minutes per FTE.

DSHS estimates administrative impact of 1.4 FTE (\$147,000) in FY 2024; and 0.2 FTE (\$27,000) in FY 2025 and beyond.

Part V. Implementation Costs (Alternative implementation: July, 2021) (not included in fiscal totals)

The Economic Services Administration (ESA) Information Technology Services (ITS) is unable to complete automation changes by July, 2021. ESA-ITS is currently in the process of updating systems for full implementation of SHB 2441 and 2SSB 6478, with planned implementation on July 1, 2021. ESA-ITS is unable to rework system requirements in progress to support implementation of this bill by the same date. To accommodate this alternative implementation date, ESA would use workaround solutions with existing resources, which presents significant administrative and compliance risks.

A workaround may be prone to error due to the lack of an established system, as well as the need for training on the new policy and the temporary workaround solution. Utilizing workarounds will impact DSHS's ability to track specific Time Limit Extension categories, representing a significant auditing and reporting risk. A manual review process would have an administrative impact.

For this alternative effective date in July, 2021, implementation costs will be the same as described in Part I (\$511,000). However, these costs will be incurred in FY 2022, not FY 2023.

Part VI. Caseload Costs (Alternative implementation: July, 2021) (not included in fiscal totals)

DSHS follows the same two-step caseload process as in Part II, except the Entry Cohort and Monthly Cohorts are projected beginning 2021-2023, not 2023-25. There is no caseload adjustment factor, as DSHS assumes the December, 2020 distribution will be the same in June, 2021.

DSHS estimates increased average monthly TANF caseload of 684 in FY 2022, and 140 in FY 2023 and beyond.

Step One (establishing total TLE cases):

For the reasons described in Part II, DSHS assumes TLE cases would qualify for a seven-month extension.

DSHS follows a similar Step One analysis as in Part II. For this alternative implementation in July, 2021, DSHS adds the impact of the Entry Cohort to 2021-23. Unlike in Part II, an adjustment is made in the first three months of the biennium, to account for an expected processing lag due to the transition from the temporary pandemic emergency TLE policy to a new post-pandemic set of TANF policies. This adjustment includes July implementation of this bill, of 2SSB 6478, and of SHB 2441. DSHS assumes 25% of TLEs will be processed each month during this transition, and this processing lag is also incorporated into the February 2021 TANF Caseload Forecast.

The estimated Entry Cohort:

- June, 2021 (pre-policy): 3,177 cases at 61+ months
- July, 2021 (policy implementation): 2,936 remain ($3,177 \times 7.58$ percent decay) on the TANF caseload, of which 25% are processed for a TLE, totaling 734 active TLE cases in July
- August: 2,713 Entry Cohort remains on the TANF caseload, of which now 50% are processed, totaling 1,357 active TLE cases in August
- September: 2,508 Entry Cohort remains, of which now 75% are processed for a TLE, totaling 1,881 active TLE cases in September
- October: 2,317 Entry Cohort remains, of which 100% are now active TLE cases
- By January, 2022, 1,829 Entry Cohort remains in TLE status
- February, 2022: The Entry Cohort is now zero, as the seven-months have exhausted

Second, in addition to the Entry Cohort as described above, there will be additional TLE cases each month ("Monthly Cohorts"). As in Part II, DSHS looked to the December, 2020 distribution of cases at 60 months or fewer to estimate the Monthly Cohorts.

The Monthly Cohorts are estimated to be :

- July, 2021: 101 active cases reaching 61 months
- August: July cohort has decayed to 93, and there are 80 new 61-month cases in August, totaling 173 cases
- September: July (now 86) + August (now 74) + September (93) cohorts equal 253
- Process continues each month

Combining the Entry Cohort and the Monthly Cohorts, DSHS estimates 759 active TLE cases in July, 2021; peaking at 2,625 in October (after the processing lag, transition period); steadily decreasing to 2,267 by January, 2022; followed by a drop to 476 in February, 2022, due to the remaining Entry Cohort exiting in that month (seven-month extension has lapsed).

Total average monthly TLE cases are estimated to be 1,350 in FY 2022, and 276 in FY 2023 and beyond.

Step Two (extracting TLE cases qualifying for existing hardship criteria):

As a repeat of the process in Part II, DSHS removes from the caseload estimates in Step One the impact from TLE cases that would otherwise qualify for a hardship exemption absent this new policy. Step One TLE caseload estimates are reduced by 49.3 percent for reasons described in Part II.

DSHS estimates monthly caseload impact from this policy to be 684 in FY 2022, and 140 in FY 2023 and beyond.

Lastly, DSHS applies the February 2021 TANF Caseload Forecast per caps to the corresponding months. WorkFirst TANF per caps are estimated to be \$493.84 in FY 2022, and \$491.74 in FY 2023 and beyond. Total caseload impact is therefore estimated to be \$4,055,000 in FY 2022, and \$826,000 in FY 2023 and beyond.

Part VII. WorkFirst Services (Alternative implementation: July, 2021) (not included in fiscal totals)

DSHS applies the FY 2020 WorkFirst Services per cap cost (\$379) to the caseload determined in Part VI. The calculation is 684 cases x 12 months x \$379 per cap in FY 2022; and 140 cases x 12 months x \$379 per cap in FY 2023 and beyond.

Total WorkFirst Services impact is estimated to be \$3,112,000 in FY 2022, and \$637,000 in FY 2023 and beyond.

Part VIII. Administrative Impact (Alternative implementation: July, 2021) (not included in fiscal totals)

Following the caseload analysis in Part VI, there will be 1,922 unduplicated cases qualifying for a TLE under this new policy in FY 2022, and 232 per year in FY 2023 and beyond. As in Part IV, DSHS assumes a half-year length of stay, which results in an estimated 80 minutes touch time per unduplicated case.

In FY 2022, the FTE calculation is 80 minutes x 1,922 unduplicated cases ÷ 93,600 staff minutes per FTE. In FY 2023 and beyond, the FTE calculation is 80 minutes x 232 ÷ 93,600 staff minutes per FTE.

DSHS estimates administrative impact of 1.6 FTE (\$157,000) in FY 2022; and 0.2 FTE (\$28,000) in FY 2023 and beyond.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	511,000	511,000	10,064,000	2,788,000
Total \$			0	511,000	511,000	10,064,000	2,788,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.5	0.3	0.8	0.2
A-Salaries and Wages		50,000	50,000	99,000	22,000
B-Employee Benefits		20,000	20,000	57,000	28,000
C-Professional Service Contracts					
E-Goods and Other Services		422,000	422,000	2,173,000	602,000
G-Travel				1,000	
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				7,728,000	2,136,000
P-Debt Service				1,000	
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		19,000	19,000	5,000	
9-					
Total \$	0	511,000	511,000	10,064,000	2,788,000

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 2022	FY 2023	2021-23	2023-25	2025-27
IT BUSINESS ANALYST - JOURNEY	99,312		0.1	0.1		
IT BUSINESS ANALYST - SENIOR / SPECIALIST	109,500		0.1	0.1		
IT CUSTOMER SUPPORT - JOURNEY	85,992		0.1	0.1		
IT QUALITY ASSURANCE - JOURNEY	99,312		0.2	0.1		
WORKFIRST PROGRAM SPECIALIST	62,748				0.8	0.2
Total FTEs			0.5	0.3	0.8	0.2

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Economic Services Administration (060)		511,000	511,000	10,064,000	2,788,000
Total \$		511,000	511,000	10,064,000	2,788,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required