

Individual State Agency Fiscal Note

Bill Number: 2048 2S HB	Title: TANF time limit extensions	Agency: 300-Department of Social and Health Services
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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	7.9	3.9	2.7	2.7
Account					
General Fund-State 001-1	0	20,573,000	20,573,000	38,374,000	38,374,000
Total \$	0	20,573,000	20,573,000	38,374,000	38,374,000

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.

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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.

2SHB 2048 expands the criteria for the Temporary Assistance for Needy Families (TANF) hardship Time Limit Extensions (TLE) to include four additional criteria under which a family may be exempt from the 60-month TANF time limit and qualify for a time limit extension. These criteria include cases in which recipients are temporarily prevented from working or looking for a job, are in need of mental health or substance use disorder treatment, are homeless or at substantial risk of losing stable housing or housing support services, or demonstrate another basis by which the time limit would cause undue burden or hardship to the recipient or recipient's family.

The bill also removes time limits for all child-only TANF cases other than when parents are ineligible due to fraud.

Federal TANF policy imposes a financial penalty on a state if more than 20 percent of their TANF caseload is receiving a time limit extension. Recent experiences during COVID-19 where TLEs were granted to all cases that reached the time limit shows that an expansive TLE policy will very likely not put the state in jeopardy of financial penalty for exceeding the federal 20 percent cap on TLEs. Although TLEs quickly grew as a portion of caseload early in the pandemic, they have remained fairly stable at near 13 percent of the TANF caseload for the last twelve months. Should reaching the 20 percent cap become a risk, it would happen incrementally and the state would have the opportunity to either tighten time limits in law and rule to avoid hitting the cap or pay for a portion of the caseload exceeding the cap through state funds.

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.

TANF is a lidded block grant, therefore implementation costs are assumed to be General Fund-State.

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.

Assuming a June 2022 effective date, ESA estimates the following costs (all GF-State):

- Fiscal Year (FY) 2023: \$20,573,000 and 7.9 FTE
 - \$462,000 and 0.3 FTE Information Technology (IT) implementation costs
 - \$19,306,000 caseload costs
 - \$805,000 and 7.6 FTE administrative costs (non-IT staff)
- FY 2024 and beyond: \$19,187,000 and 2.7 FTE
 - \$18,891,000 caseload costs
 - \$296,000 and 2.7 FTE administrative costs

Part I. Implementation (FY 2023)

ESA-ITS anticipates programming changes to the Automated Client Eligibility System (ACES) and Electronic Jobs Automated System (eJAS) including but not limited to: modifications to TANF/SFA eligibility processing rules, creating or modifying system edits or warning messages, creating or updating time limit extension categories, hardship extension case

management tools, Individual Responsibility Plan' boilerplate, Caseload Management Report (CLMR), text blocks and letters.

System updates to ACES and eJAS would require the following staff at a cost of \$51,000 and 0.3 FTE in FY 2023 :

- 220 hours: IT Business Analyst - Senior
- 35 hours: IT Quality Assurance - Senior
- 115 hours: IT Quality Assurance - Journey
- 115 hours: IT Customer Support - Journey
- 15 hours: IT Project Manager - Senior

Next, IT contractors cost are estimated to be \$411,000 in FY 2023 :

- ACES Database Administrator: 75 hours at a cost of \$114 /hr (\$8,000)
- Application Architect (ACES): 250 hours at a cost of \$170/hr (\$43,000)
- Application Architect (eJAS): 90 hours at a cost of \$170/hr (\$15,000)
- Application Developers: 1,500 hours at a cost of \$170 /hr (\$255,000)
- Application Developers (eJAS): 900 hours at a cost of \$100/hr (\$90,000)

Total implementation costs are estimated to be \$462,000 and 0.3 FTE in FY 2023.

Part II. Ongoing Caseload Costs

A) Caseload Impact

ESA used the February 2022 TANF caseload forecast provided by the Caseload Forecast Council (CFC) as a baseline in order to estimate the total caseload impact of the bill.

In order to factor in the impact of COVID-19 on caseloads through June 2023, recent monthly data were used to first determine the average percentage of TANF cases currently receiving TLEs (13 percent), then historical monthly data were used to determine the average percentage of TANF cases receiving TLEs prior to the COVID-19 pandemic (6 percent). An adjustment was also calculated to determine the percentage of monthly TANF TLE cases that would be excluded in the estimate due to impact of the legislation that broadened the definition of homelessness for purposes of TANF time limits to match the McKinney-Vento Act, in effect since July 2021 (less than 1 percent).

Removing the monthly average percentage of pre-COVID TLEs and the monthly average of TLEs impacted by the broader definition of homelessness from the current monthly percentage of TLE cases produces an estimate of 7 percent of TLE cases due to COVID-19, respective to the entire TANF caseload, which represents cases that would not have otherwise qualified for TLE:

$(13\% - 6\% - < 1\% = 7\%$ monthly average TLEs due to COVID-19)

For July 2022 through June 2023, the estimated monthly caseload impact of 7 percent results in an average of 1,789 cases per month. For July 2023 onward, an estimated monthly caseload impact of 1,751 was determined by taking the average of estimated monthly TLE cases in 2023.

B) Caseload Distinctions

ESA used the proportion of child-only and WorkFirst (adult) cases, relative to the entire TANF caseload, to estimate the fiscal impact of the caseload increase. Child-only cases were calculated to represent 8 percent of the total TANF caseload affected by this bill, and WorkFirst cases were calculated to represent 92 percent.

For July 2022 through June 2023, ESA multiplied the forecasted caseloads by these proportions to estimate the number of cases for each category, then multiplied the respective FY 2023 Per Cap benefit amounts provided by the Office of Financial Management (OFM) in order to calculate the estimated fiscal impact. FY 2023 Per Cap amounts are \$469.22 for child-only cases, and \$570.91 for WorkFirst cases. For July 2023 onward, estimated monthly benefit amounts were determined by taking the average of estimated monthly amounts in 2023.

Additionally, adults on TANF participate in WorkFirst employment and training services to help them prepare for and find employment and reduce barriers to getting and keeping work. They also receive services to support their participation – assistance with transportation, clothing, hygiene, and related costs.

Total caseload impact estimates:

- Child-Only caseload impact FY 2023: \$845,000
- Child-Only caseload impact FY 2024 and beyond: \$991,000 per year
- WorkFirst caseload impact FY 2023: \$11,231,000
- WorkFirst caseload impact FY 2024 and beyond: \$10,825,000 per year

Total WorkFirst services estimates:

- WorkFirst services impact FY 2023: \$7,230,000
- WorkFirst services impact FY 2024 and beyond: \$7,075,000 per year

Total benefits and services estimates:

- FY 2023: \$19,306,000
- FY 2024 and beyond: \$18,891,000 per year

Part III. Ongoing Administrative Costs

ESA anticipates one initial application review per case transitioning from COVID TLE to the TLE policy specified in the bill, and new applications, which each require 30 minutes of touch time per case per year. Estimates assume 65 percent of this work will be performed by WorkFirst Specialists and 35 by Social Service Specialists.

Second, ESA anticipates three financial reviews per case per year, for all cases, which require 25 minutes of touch time per review. Estimates assume this work will be performed by Program Benefits Specialists.

Third, ESA anticipates four casework touches per year for the WorkFirst population, which requires 32 minutes per touch. Estimates assume 65 percent of this work will be performed by WorkFirst Specialists and 35 by Social Service Specialists.

FTE estimates:

- Public Benefits Specialist: 2.6 FTE in FY 2023 and 1.0 FTE in FY 2024 and beyond
- Social Service Specialist: 1.7 FTE in FY 2023 and 0.6 FTE in FY 2024 and beyond
- WorkFirst Program Specialist: 3.2 FTE in FY 2023 and 1.2 FTE in FY 2024 and beyond

With the caseload estimates provided in Part II, ESA estimates administrative staff salary and benefits costs of \$712,000 in FY 2023 and \$266,000 in FY 2024 and beyond, for ongoing administrative costs.

Last, to support the 7.6 FTE in FY 2023, ESA would incur \$93,000 in administrative overhead costs, such as human

resources, payroll, and so forth. To support the 2.7 FTE in FY 2024 and beyond, administrative overhead costs are estimated to be \$30,000 per year.

In total, excluding IT implementation staff in FY 2023 (see Part I), administrative costs are estimated to be :

- FY 2023: \$805,000
- FY 2024 and beyond: \$296,000

Part IV. Effect on 2SSB 5214

With the passage of this bill, the department would no longer need funds appropriated in FY 2023 (\$7,267,000 in GF-S and \$2,126,000 in GF-F or 001-D), associated with Second Substitute Senate Bill No. 5214 (2SSB 5214), relating to TANF high unemployment TLEs. TLEs pertaining to 2SSB 5214 are secondary to other 60-month TLEs, therefore, the TLEs noted in HB 2048 will be applied first, thereby pushing the funding need for 2SSB 5214 out indefinitely. If the broader TLE were to be reversed in the future, ESA would need funding associated with 2SSB 5214 at that time.

Passage of this bill would not affect the department's need for funds appropriated in FY 2022 (\$512,000 GF-S), associated with 2SSB 5214 IT implementation.

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	20,573,000	20,573,000	38,374,000	38,374,000
Total \$			0	20,573,000	20,573,000	38,374,000	38,374,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		7.9	3.9	2.7	2.7
A-Salaries and Wages		529,000	529,000	356,000	356,000
B-Employee Benefits		229,000	229,000	176,000	176,000
C-Professional Service Contracts					
E-Goods and Other Services		459,000	459,000	34,000	34,000
G-Travel		3,000	3,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		19,306,000	19,306,000	37,782,000	37,782,000
P-Debt Service		4,000	4,000	2,000	2,000
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		35,000	35,000	16,000	16,000
9-TZ		8,000	8,000	6,000	6,000
Total \$	0	20,573,000	20,573,000	38,374,000	38,374,000

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 - SENIOR SPECIALIST	109,500		0.1	0.1		
IT CUSTOMER SUPPORT - JOURNEY	85,992		0.1	0.0		
IT PROJECT MANAGEMENT - SENIOR / SPECIALIST	114,984		0.0	0.0		
IT QUALITY ASSURANCE - JOURNEY	99,312		0.1	0.0		
IT QUALITY ASSURANCE - SENIOR / SPECIALIST	109,500		0.0	0.0		
PUBLIC BENEFITS SPECIALIST 4	64,332		2.6	1.3	1.0	1.0
SOCIAL SERVICE SPECIALIST 3	72,756		1.7	0.9	0.6	0.6
WORKFIRST PROGRAM SPECIALIST	62,748		3.2	1.6	1.2	1.2
Total FTEs			7.9	4.0	2.7	2.7

III. D - Expenditures By Program (optional)

NONE

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

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

New rules would be required to establish the additional criteria for exemptions.