

Multiple Agency Fiscal Note Summary

Bill Number: 1218 HB	Title: Caseload forecast/tax credit
-----------------------------	--

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Caseload Forecast Council	1.0	392,000	392,000	392,000	1.0	392,000	392,000	392,000	1.0	392,000	392,000	392,000
Department of Revenue	.5	143,500	143,500	143,500	.5	139,400	139,400	139,400	.5	139,400	139,400	139,400
Total \$	1.5	535,500	535,500	535,500	1.5	531,400	531,400	531,400	1.5	531,400	531,400	531,400

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Cynthia Hollimon, OFM	Phone: (360) 810-1979	Date Published: Revised
---	---------------------------------	-----------------------------------

Individual State Agency Fiscal Note

Bill Number: 1218 HB	Title: Caseload forecast/tax credit	Agency: 101-Caseload Forecast Council
-----------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
General Fund-State 001-1	196,000	196,000	392,000	392,000	392,000
Total \$	196,000	196,000	392,000	392,000	392,000

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: Jordan Clarke	Phone: 360-786-7123	Date: 01/10/2023
Agency Preparation: Elaine Deschamps	Phone: 360-664-9371	Date: 01/13/2023
Agency Approval: Erik Cornellier	Phone: 360-664-9375	Date: 01/13/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 01/16/2023

Part II: Narrative Explanation

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

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

Section 1 amends RCW 43.88C.010 by requiring the Caseload Forecast Council (CFC) to provide the number of people eligible for the Working Families' Tax Credit beginning with the first official forecast after the bill's effective date. It additionally states the total number of people eligible should include:

1. the number of eligible people with no qualifying children;
2. the number of eligible people with one qualifying child;
3. the number of eligible people with two qualifying children; and
4. the number of eligible people with three or more qualifying children.

The CFC interprets the bill as follows:

The CFC's duties would be expanded to produce Working Families' Tax Credit eligible forecasts, which could comprise of four sub-forecasts as called out in the bill and specified above.

To satisfy the requirements of this bill, the CFC would need to:

1. Forecast the above-listed caseloads;
2. Establish, maintain, and expand the appropriate technological interface to access the data necessary to complete the forecasts, including a new data sharing agreement with the Department of Revenue (DOR);
3. Establish, maintain, and expand the processes/systems necessary to organize/manipulate the data into a format that is usable for forecasting purposes;
4. Create a new DOR Working Families' Tax Credit Caseload Forecast Technical Workgroup.

The CFC estimates that these new duties will require 1.0 FTE and related ongoing expenditures to perform approximately 0.5 FTE of work, as current staff have no additional capacity to assume additional workload.

The workload associated with this bill will involve the following:

- Identifying data available to inform the most accurate forecasts, which may range from raw data requiring significant manipulation to well-established data, and likely a combination of both;
- Gaining and maintaining the necessary programmatic expertise for these new caseloads;
- Exploring independent variables to improve explanatory power and accuracy of the forecasts;
- Producing forecasts three times a year and monthly tracking reports of the forecasts;
- Producing any sub-forecasts that are necessary to complete the forecasts;
- Creating a new forecast technical workgroup;
- Providing forecast summary materials, tracking updates, and briefings to stakeholders, including the technical workgroup, formal workgroup, and Council;
- Maintaining the forecast updates on the CFC website to ensure timely and public access to forecast data and tracking;
- Evaluating the accuracy of the forecasts over time using established performance measures;
- Expanding the information systems interface to ensure timely, accurate, and confidential receipt of data utilized in forecast production; and
- Expanding the data infrastructure necessary to organize and manipulate the data into a format suitable for forecasting purposes.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no additional capacity among current staff to assume the additional workload associated with this bill. The CFC estimates that it will need one full FTE to perform approximately 0.5 FTE of work, for a cost of \$196,000 per year, and \$392,000 for the 2023-25 Biennium and subsequent biennia.

While the analysis indicates a need for 0.5 FTE, the CFC would need one full FTE to complete the work. The CFC is a small agency with 11 employees. There are four forecasters, and the Director and Deputy Director have part-time forecasting duties. Unlike larger agencies, the CFC does not have the economies of scale required to spread the workload of a partial FTE across employees. We are rounding up to one FTE to account for that challenge because we are evaluating this proposal in isolation. The CFC’s actual need should be evaluated in the context of any other legislation impacting the CFC that passes during this session.

The annual cost for 0.5 FTE is \$98,000 per year or \$196,000 for the 2023-25 Biennium, and the breakout by object is provided in the attached document.

Salary, benefits, goods and services, and travel are based on per FTE FY2022 expenditures and FY2023 allotments.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	196,000	196,000	392,000	392,000	392,000
Total \$			196,000	196,000	392,000	392,000	392,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	122,000	122,000	244,000	244,000	244,000
B-Employee Benefits	36,000	36,000	72,000	72,000	72,000
C-Professional Service Contracts					
E-Goods and Other Services	36,000	36,000	72,000	72,000	72,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	196,000	196,000	392,000	392,000	392,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Senior Caseload Forecaster	122,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Caseload Forecast Council Costs for 0.5 FTEs By Object

	FY 24	FY 25	FY 23-25	FY 25-27	FY 27-29
FTEs	0.5	0.5	0.5	0.5	0.5
Salary (A)	\$61,000	\$61,000	\$122,000	\$122,000	\$122,000
Benefits (B)	\$18,000	\$18,000	\$36,000	\$36,000	\$36,000
Goods and Services (E)	\$18,000	\$18,000	\$36,000	\$36,000	\$36,000
Travel (G)	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000
Total	\$98,000	\$98,000	\$196,000	\$196,000	\$196,000

Department of Revenue Fiscal Note

Bill Number: 1218 HB	Title: Caseload forecast/tax credit	Agency: 140-Department of Revenue
-----------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
GF-STATE-State 001-1	73,800	69,700	143,500	139,400	139,400
Total \$	73,800	69,700	143,500	139,400	139,400

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: Jordan Clarke	Phone: 60-786-7123	Date: 01/10/2023
Agency Preparation: Erin Valz	Phone: 60-534-1522	Date: 01/19/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/19/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2023

Request # 1218-2-2

Part II: Narrative Explanation

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

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

Note: This fiscal note reflects a revision to the expenditures, and replaces fiscal note number 1218-1.

CURRENT LAW:

The Caseload Forecast Council (CFC) oversees the preparation of the official state caseload forecasts (RCW 43.88C).

PROPOSAL:

Beginning with the first official forecast after the effective date of this section, the CFC will oversee the forecast for the number of people eligible for the working families' tax credit (WFTC). The total number of people eligible for the WFTC should include:

- The number of eligible people with no qualifying children,
- The number of eligible people with one qualifying child,
- The number of eligible people with two qualifying children, and
- The number of eligible people with three or more qualifying children.

The CFC interprets the bill as follows:

The CFC's duties would be expanded to produce WFTC eligible forecasts, which could comprise of four sub-forecasts as called out in the bill and specified above.

To satisfy the requirements of this bill, the CFC would need to:

1. Forecast the above-listed caseloads;
2. Establish, maintain, and expand the appropriate technological interface to access the data necessary to complete the forecasts, including a new data sharing agreement with the Department of Revenue (department);
3. Establish, maintain, and expand the processes/systems necessary to organize/manipulate the data into a format that is usable for forecasting purposes; and
4. Create a new department WFTC caseload forecast technical workgroup.

The workload associated with this bill will involve the following:

- Identifying data available to inform the most accurate forecasts, which may range from raw data requiring significant manipulation to well-established data, and likely a combination of both;
- Gaining and maintaining the necessary programmatic expertise for these new caseloads;
- Exploring independent variable to improve explanatory power and accuracy of the forecasts;
- Producing forecasts three times a year and monthly tracking reports of the forecasts;
- Producing any sub-forecasts that are necessary to complete the forecasts;
- Creating a new forecast technical workgroup;
- Providing forecast summary materials, tracking updates, and briefings to stakeholders, including the technical workgroup, formal workgroup, and Council;
- Maintaining the forecast updates on the CFC website to ensure timely and public access to forecast data and tracking;
- Evaluating the accuracy of the forecasts over time using established performance measures;
- Expanding the information systems interface to ensure timely, accurate, and confidential receipt of data utilized in forecast production; and
- Expanding the data infrastructure necessary to organize and manipulate the data into a format suitable for forecasting purposes.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the department.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- The department estimates that the new duties resulting from this legislation will require 0.5 FTEs and related ongoing expenditures, as current staff have no additional capacity to assume this additional workload.
- The department assumes participation in the workgroup will be in person and require travel.

FIRST YEAR COSTS:

The department will incur total costs of \$73,800 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.5 FTE.

- Participate in the newly created department WFTC caseload forecast technical workgroup.
- Work with the CFC to establish a new data sharing agreement.
 - Ensure the systems and processes are in place to provide necessary data, in a format that is usable for forecasting purposes, to the CFC.
- Assist with the identification of new data sources to inform the most accurate forecasts possible.
- Respond to questions, compile statistics, and create and maintain tax system models.

Object Costs of \$17,300

- Office equipment.
- Software licenses.
- Travel.

SECOND YEAR COSTS:

The department will incur total costs of \$69,700 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 0.5 FTE.

- Participate in the department WFTC caseload forecast technical workgroup.
 - Ensure the systems and processes are in place to provide necessary data, in a format that is usable for forecasting purposes, to the CFC.
- Assist with the identification of new data sources to inform the most accurate forecasts possible.
- Respond to questions, compile statistics, and create and maintain tax system models.

Object Costs of \$13,200

- Office equipment.
- Software licenses.
- Travel.

ONGOING COSTS:

Ongoing costs equal \$139,400 per biennium and include similar activities described in the second-year costs. Time and effort equate to 0.5 FTE each year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	42,500	42,500	85,000	85,000	85,000
B-Employee Benefits	14,000	14,000	28,000	28,000	28,000
E-Goods and Other Services	12,800	10,600	23,400	21,200	21,200
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays	3,500	1,600	5,100	3,200	3,200
Total \$	\$73,800	\$69,700	\$143,500	\$139,400	\$139,400

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
TAX POLICY SP 3	85,020	0.5	0.5	0.5	0.5	0.5
Total FTEs		0.5	0.5	0.5	0.5	0.5

III. C - 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required