

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1652 E S HB	<b>Title:</b> Child support pass through
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Social and Health Services	0	0	0	0	0	1,618,000	0	0	1,644,000
Department of Social and Health Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,618,000</b>	<b>0</b>	<b>0</b>	<b>1,644,000</b>

## 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
Department of Social and Health Services	.1	407,000	407,000	407,000	2.5	16,331,000	16,331,000	17,949,000	.7	23,118,000	23,118,000	24,762,000
Department of Social and Health Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Children, Youth, and Families	Fiscal note not available											
<b>Total \$</b>	<b>0.1</b>	<b>407,000</b>	<b>407,000</b>	<b>407,000</b>	<b>2.5</b>	<b>16,331,000</b>	<b>16,331,000</b>	<b>17,949,000</b>	<b>0.7</b>	<b>23,118,000</b>	<b>23,118,000</b>	<b>24,762,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	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								
<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> 1652 E S HB	<b>Title:</b> Child support pass through	<b>Agency:</b> 300-Department of Social and Health Services
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2				1,618,000	1,644,000
<b>Total \$</b>				1,618,000	1,644,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	2.5	0.7
<b>Account</b>					
General Fund-State 001-1	0	407,000	407,000	16,331,000	23,118,000
General Fund-Federal 001-2	0	0	0	1,618,000	1,644,000
<b>Total \$</b>	0	407,000	407,000	17,949,000	24,762,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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: Matt Mazur-Hart	Phone: 360-786-7139	Date: 01/29/2024
Agency Preparation: Seth Nathan	Phone: 360-902-0001	Date: 02/14/2024
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/14/2024
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## 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.*

ESHB 1652 relates to child support pass-through, and takes effect July 1, 2024.

The striking amendment to this bill updates the effective date to January 1, 2026. Due to the infeasibility of meeting the implementation date of this bill as written, this fiscal note states indeterminate costs, and assumes an effective date consistent with that provided in the striking amendment. Department of Social and Health Services (DSHS) Economic Services Administration (ESA) assumes January 1, 2026 to be the earliest possible implementation date of this proposal.

Section 1 directs DSHS ESA Division of Child Support (DCS) to pass through all current child support collected each month to families currently receiving Temporary Assistance for Needy Families (TANF) assistance. Individuals no longer receiving TANF will not receive pass-through payments.

Section 2 directs the department to disregard and not count as income any amount of current child support passed through to applicants or recipients in determining eligibility for, and the amount of, TANF or WorkFirst assistance.

The amendments in ESHB 1652 eliminate the requirement for DCS to pass through child support arrears collected each month to families currently receiving TANF assistance, as well as the requirement for the department to disregard and not count as income any amount of child support arrears passed through to applicants or recipients in determining eligibility for, and the amount of, TANF or WorkFirst assistance.

### 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 bill takes effect July 1, 2024. The striking amendment to this bill updates the effective date to January 1, 2026. Due to the infeasibility of meeting the implementation date of this bill as written, this fiscal note states indeterminate cash receipts, and provides estimates assuming an effective date consistent with that provided in the striking amendment. ESA assumes January 1, 2026 to be the earliest possible implementation date of this proposal.

Cash receipts anticipated. Federal dollars earned are estimated to be 001-A Family Support: \$796,000 in Fiscal Year (FY) 2026, and \$822,000 in FY 2027 and beyond.

The federal share of retained collections is 50 percent, however the federal Office of Child Support Services (OCSS) will waive the federal portion for up to \$100/\$200 current support pass-through. The federal share of any additional pass through would be paid with state funds.

To determine the amount of pass-through that would be 100 percent state-funded beginning upon the implementation of this policy, the forecasted pass-through under a \$100/\$200 pass-through policy is subtracted from the forecasted pass-through under a 100 percent pass-through policy to determine the net amount of pass-through that would need to be funded by GF-State.

Resources previously provided for implementing child support pass-through payments in SB 5144 during the 2019 legislative session, based on estimated caseload and workload at that time, were deducted from the estimates calculated for this fiscal note in order to represent the incremental increase in resources required to implement this bill.

Any impacts to child support recoveries will directly impact DCS receivables.

### 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.*

This bill relates to child support pass-through, and takes effect July 1, 2024. The striking amendment to this bill updates the effective date to January 1, 2026. Due to the infeasibility of meeting the implementation date of this bill as written, this fiscal note states indeterminate costs, and provides estimates assuming an effective date consistent with that provided in the striking amendment. ESA assumes January 1, 2026 to be the earliest possible implementation date of this proposal.

ESA anticipates increased child support pass-through costs each year in FY 2026 and beyond. Pass-through costs are calculated to include only current support, as required by the bill. The ESA Management Analytics and Performance Statistics (EMAPS) Pass-Through forecast was used to estimate costs that would both a) not be retained in child support recoveries, and b) not be recovered when a payment is removed from a case. Estimates in this fiscal note are only applicable for current TANF custodial parents.

ESA also anticipates additional resources will be needed in FY 2026 and beyond to accommodate the increased workload associated with the implementation of this bill, including staff costs and translation, printing, and mailing costs. Increased workload is associated with program administration, informational mass mailings, responding to detailed questions from pass-through recipients, and processing administrative hearing requests.

Resources previously provided for implementing child support pass-through payments in SB 5144 during the 2019 legislative session, based on estimated caseload and workload at that time, were deducted from the estimates calculated for this fiscal note in order to represent the incremental increase in resources required to implement this bill.

ESA anticipates TANF caseload and workload impacts to the Community Services Division (CSD) associated with families that will no longer exit the program due to child support income exceeding the income threshold. Based on historic termination data, ESA assumes that an average of 57 cases will reenter the caseload each month, and that 92 percent of those families will remain on the caseload and receive a grant each subsequent month. The adult portion of TANF cases reentering the caseload will also be eligible for the WorkFirst Services program. ESA calculates caseload impacts to be:

- FY 2026: 183 average cases per month
- FY 2027: 473 average cases per month

While this fiscal note assumes out-year caseload impacts consistent with FY 2027, the full TANF caseload impact will not be reached until Biennium 2027-2029.

Staff costs were calculated by multiplying the estimated amount of time needed to complete each required work component by forecasted caseloads, and dividing by standard working hours to convert to FTE by staff position. Printing costs for informational mass mailings were calculated by multiplying forecasted caseload by a standard cost of \$0.79 per letter.

DSHS Technology Innovation Administration (TIA) anticipates additional resources will be needed to implement automation solutions required by this bill to the Automated Client Eligibility System (ACES) and Barcode systems, including staff costs and IT contractor costs. TIA anticipates beginning work no earlier than October 1, 2024 in order to meet the implementation date of this bill. TIA will require a minimum of 12 months to gather and finalize requirements, develop and propose a design solution, make programming changes, and test and implement the system changes.

Assuming a January 1, 2026 effective date, ESA estimates the following costs:

- FY 2025: \$407,000 and 0.2 FTE
- \$65,000 and 0.2 FTE TIA implementation costs

- \$342,000 IT contractor costs
- FY 2026: \$5,568,000 and 4.2 FTE
  - \$3,532,000 child support pass-through costs
  - \$678,000 TANF costs
  - \$243,000 WorkFirst Services costs
  - \$768,000 and 3.8 FTE TIA implementation costs
  - \$228,000 IT contractor costs
  - \$62,000 and 0.4 FTE ESA staff costs
  - \$57,000 translation, printing, and mailing costs
- FY 2027 and beyond: \$12,381,000 and 0.7 FTE
  - \$7,524,000 child support pass-through costs
  - \$3,496,000 TANF costs
  - \$1,254,000 WorkFirst Services costs
  - \$107,000 and 0.7 FTE ESA staff costs
- Indeterminate cost: Child Support collections receivables adjustment

Under current DSHS accounting practices, the amount of retained child support collections due, but which have not yet been collected, are recorded as a receivable in the accounting records at the end of each fiscal year. As retained child support collections are applied to offset expenditures, depending on whether the net change in the receivable balance is an increase or a decrease, the offsetting accounting entry for the change in the receivable balance is either an increase or a decrease in expenditures. For example, if expected future collections (the receivable balance) decrease from one year to the next, an increase in expenditures is recorded to offset the declining receivable balance. This reflects that lower collections will be available to offset expenditures. Under the proposals in this bill, DSHS expects an overall reduction in the amount of the retained support receivable in FY 2026 and FY 2027. The offsetting increase in expenditures is estimated to be \$5,375,000 (\$2,687,000 GF-State) in FY 2026 and \$8,328,000 (\$4,164,000 GF-State) in FY 2027. In order to implement this policy without incurring these expenditures, DSHS would modify its accounting practices. These costs are not included in the expenditure totals of this analysis.

Should the agency not be able to modify its accounting practices, and DCS is unable to adjust expenditures accordingly to match the receivable adjustment, a decision package may need to be submitted during the 2025-27 biennium.

### 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	0	407,000	407,000	16,331,000	23,118,000
001-2	General Fund	Federal	0	0	0	1,618,000	1,644,000
<b>Total \$</b>			0	407,000	407,000	17,949,000	24,762,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1	2.5	0.7
A-Salaries and Wages		28,000	28,000	527,000	102,000
B-Employee Benefits		31,000	31,000	279,000	86,000
C-Professional Service Contracts		342,000	342,000	228,000	
E-Goods and Other Services		3,000	3,000	762,000	1,098,000
G-Travel					
J-Capital Outlays		2,000	2,000	48,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				16,083,000	23,470,000
P-Debt Service				2,000	
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		1,000	1,000	15,000	4,000
9-TZ-ISSD				5,000	2,000
<b>Total \$</b>	0	407,000	407,000	17,949,000	24,762,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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
IT APP DEVELOPMENT - SENIOR SPECIALIST	127,174				0.5	
IT ARCHITECTURE - SENIOR / SPECIALIST	133,518				0.1	
IT BUSINESS ANALYST - JOURNE	109,840				0.5	
IT BUSINESS ANALYST - SENIOR SPECIALIST	121,109		0.1	0.1	0.1	
IT BUSINESS ANALYST - SENIOR IT MANAGER	140,181				0.1	
IT DATA MANAGEMENT - SENIO / SPECIALIST	121,109				0.1	
IT PROJECT MANAGEMENT - SENIOR IT MANAGER	147,215				0.3	
IT QUALITY ASSURANCE - SENIOR / SPECIALIST	121,109		0.1	0.1	0.4	
IT SECURITY - SENIOR / SPECIALIST	127,174				0.1	
PUBLIC BENEFITS SPECIALIST 3	69,400				0.2	0.3
SUPPORT ENFORCEMENT OFFICER 2	74,722				0.1	
WORKFIRST PROGRAM SPECIALIST	69,400				0.3	0.4
<b>Total FTEs</b>			0.2	0.1	2.5	0.7

**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**

*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.*

Changes to DCS and CSD rules will be required.