

Multiple Agency Fiscal Note Summary

| | |
|--|--|
| Bill Number: 1652 E S HB AMS LAW S4192.1 | Title: Child support pass through |
|--|--|

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 |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 1,618,000 | 0 | 0 | 1,644,000 |

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 Children, Youth, and Families | .0 | 0 | 0 | 0 | .0 | 297,000 | 297,000 | 297,000 | .0 | 492,000 | 492,000 | 492,000 |
| Total \$ | 0.1 | 407,000 | 407,000 | 407,000 | 2.5 | 16,628,000 | 16,628,000 | 18,246,000 | 0.7 | 23,610,000 | 23,610,000 | 25,254,000 |

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 | .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: Anna Minor, OFM | Phone: (360) 790-2951 | Date Published: Final 3/ 7/2024 |
|-------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|---|--|---|
| Bill Number: 1652 E S HB AM; LAW S4192.1 | Title: Child support pass through | Agency: 300-Department of Social and Health Services |
|---|--|---|

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 |
| Total \$ | | | | 1,618,000 | 1,644,000 |

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 |
| Account | | | | | |
| 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 |
| Total \$ | 0 | 407,000 | 407,000 | 17,949,000 | 24,762,000 |

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: Josh Hinman | Phone: 3607867281 | Date: 02/22/2024 |
| Agency Preparation: Seth Nathan | Phone: 360-902-0001 | Date: 02/24/2024 |
| Agency Approval: Dan Winkley | Phone: 360-902-8236 | Date: 02/24/2024 |
| OFM Review: Anna Minor | Phone: (360) 790-2951 | Date: 02/26/2024 |

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. This bill eliminates the requirement for the Department of Social and Health Services (DSHS) Economic Services Administration (ESA) Division of Child Support (DCS) to pass through child support arrears collected each month to families currently receiving Temporary Assistance for Needs Families (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.

Section 1 directs DCS to pass through all current child support collected each month to families currently receiving 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.

Section 3 adds a standard null and void clause, requiring for funding to be provided by June 30, 2024.

Section 4 amends the effective date of this bill to January 1, 2026.

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.

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.

Based on an effective date of January 1, 2026, 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.

Based on 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 |
| Total \$ | | | 0 | 407,000 | 407,000 | 17,949,000 | 24,762,000 |

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 |
| Total \$ | 0 | 407,000 | 407,000 | 17,949,000 | 24,762,000 |

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 |
|--|---------|---------|---------|---------|---------|---------|
| 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 |
| Total FTEs | | | 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.

Individual State Agency Fiscal Note

Revised

| | | |
|---|--|--|
| Bill Number: 1652 E S HB AM; LAW S4192.1 | Title: Child support pass through | Agency: 307-Department of Children, Youth, and Families |
|---|--|--|

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 |
|-------------------------------|---------|---------|---------|---------|---------|
| Account | | | | | |
| General Fund-State 001-1 | 0 | 0 | 0 | 297,000 | 492,000 |
| Total \$ | 0 | 0 | 0 | 297,000 | 492,000 |

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: Josh Hinman | Phone: 3607867281 | Date: 02/22/2024 |
| Agency Preparation: David Mwangi | Phone: 3607014269 | Date: 02/28/2024 |
| Agency Approval: Crystal Lester | Phone: 360-628-3960 | Date: 02/28/2024 |
| OFM Review: Carly Kujath | Phone: (360) 790-7909 | Date: 03/06/2024 |

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.

Comparison of ESHB 1652-S COMM AMD & S-4192.1 to ESHB 1652

Section 3 changes the date on the null and void clause, making the bill null and void if not funded from June 30, 2023 to June 30, 2024.

Section 4 changes the effective date the bill takes effect from July 1, 2024, to July 1, 2026.

1652 ESHB

1652 ESHB requires the Department of Social and Health Services (DSHS) to pass through to a family receiving Temporary Assistance for Needy Families (TANF) all current child support collected each month on behalf of the family.

Section 1(4) is amended which requires the Department of Social and Health Services to pass through current child support each month to families consistent with 42 U.S.C Sec. 657(a) as emended by Sec. 7301(b)(7)(B) of the federal deficit act of 2005.

Section 2 is a new section added to RCW 74.08A directing DSHS to not count child support pass through as income for eligibility for temporary assistance to needy families or WorkFirst.

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.

NONE

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.

The Department of Children, Youth and Families estimates expenditures from the general fund - state account to occur in FY 2026 and ongoing.

Based on data from the Department of Social and Health Services (DSHS), an additional 183 cases will be eligible for TANF in FY26. DCYF assumes 2% of those cases will be eligible for WCCC, resulting in 4 new cases in FY26.

This is based on the difference between the percentage of TANF cases using WCCC at exit (8 percent) and the percentage that are still using WCCC 12 months after exit (6 percent). DCYF assumes that the difference, 2 percent, comprise the population that would not otherwise be still using WCCC after exiting TANF.

DCYF further assumes a 12-month ramp up resulting in 54% of the caseload being achieved in FY26 and the entire caseload being achieved in FY27.

DCYF assumes a per cap of \$2,072.50, based on the November 2023 Forecast. The annual cost in FY2026 is \$51,000 (4 X \$2,072.50 X 12-month eligibility X 54%).

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 | 0 | 0 | 297,000 | 492,000 |
| Total \$ | | | 0 | 0 | 0 | 297,000 | 492,000 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | | | | |
| B-Employee Benefits | | | | | |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | | | | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | 297,000 | 492,000 |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 0 | 0 | 0 | 297,000 | 492,000 |

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

NONE

III. D - Expenditures By Program (optional)

| Program | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---------|---------|---------|---------|---------|
| No Cash Receipt Impact on Department of Children, Youth and Families. (010) | | | | 297,000 | 492,000 |
| Total \$ | | | | 297,000 | 492,000 |

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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.