

Individual State Agency Fiscal Note

Bill Number: 2873 HB	Title: Military family assistance	Agency: 103-Community, Trade & Economic Develop
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	0.0	0.5	0.3	0.2	0.2
Fund					
General Fund-State 001-1	0	736,000	736,000	2,116,800	2,116,800
Total \$	0	736,000	736,000	2,116,800	2,116,800

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.

New Section, Section 1: The legislature finds that families of currently serving members of the Washington National Guard (WNG) are often left without adequate means to provide for their security and well being.
New Section, Section 2 (1): Establishes within the Department of Community, Trade and Economic Development (CTED) a military family assistance program. The legislature intends that families who fall below one hundred fifty percent (150%) of the federally established poverty level will have temporary financial assistance available to them, to the extent of available funds. (2) The department shall grant assistance to as many applicants as will utilize available funds. This section also limits administrative expenses to not exceed five percent (5%) of the total funds appropriated.
New Section, Section 3: The department may receive gifts, grants, and endowments from public or private sources for the use and benefit of the purposes of this chapter and authorizes their expenditure according to the terms of the gifts, grants and endowments.

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.

There may be cash receipts related to Section 3 of the bill, but at this time we have no idea how to estimate the level of contributions.

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.

Indeterminate. Given the number of variables related to this bill, we are unable to determine with any accuracy what this program might cost. The specific variables for which we can obtain no data are: the total number of members of the WNG that may ultimately be activated for duty; how long the length of deployment for each member might be; the specific pay grades and years of service for the members to be activated; the household size of the members activated, and the additional household income of the members. For estimation purposes only, we have made some assumptions that may provide an idea what the total costs might be, but with no degree of assurance.

Assumptions:

1. This establishes a new program within CTED beginning July 2004.
2. This program is intended for those members of the WNG that have been called to full time active duty in the armed forces of the United States.
3. Assistance provided to WNG families will be for the entire duration of time members are on full time active duty.
4. For the purposes of eligibility determination, all household income regardless of the legal relationship to the WNG member, will be used when considering eligibility.
5. The form of assistance provided would be a monthly financial payment to bring the gross household income up to 150% of the federal poverty level for those WNG households meeting the eligibility requirements.
6. This program is not an entitlement, but is available to all eligible recipients based on available funds.
7. Present information from the Military Department indicates that there are approximately 3,900 members of the WNG either already on full time active duty or who have been notified they will be soon be activated. To date the total WNG membership is approximately 8,600. There may well be additional members deployed in the coming months and years and that number is unknown.
8. In addition to the basic military pay received by a member on active duty, each also receives a monthly housing allowance and a monthly subsistence allowance. The amount of these allowances varies by pay grade. The total of the basic pay plus the allowances, plus any other additional household income will determine the gross income to be measured against 150% of the federal poverty level as adjusted for household size.

9. CTED expects to select a single statewide contractor to administer this program. WNG indicated they do not have the existing systems to provide screening for eligibility and to provide additional payments to members of the WNG serving on active duty.
10. CTED will develop and complete the necessary rule making and develop an appropriate contract process to select and monitor a contractor who will screen applicants for eligibility, account for expenditures, distribute checks to eligible applicants statewide, and report as required on program progress.
11. Comparisons between the Military Compensation Monthly Basic Pay Table and the federal 150% of poverty guidelines indicate that, when factoring in the monthly housing allowance and monthly subsistence allowance, only households with five or more members will be eligible, primarily but not exclusively, from the lowest pay grades E-2 to E-5.
12. We assume that 75% of the members of the 3,900 WNG either deployed or awaiting deployment are within these pay classes. This is a total of 2,925 WNG members ($3,900 \times 0.75 = 2,925$).
13. Data from the Public Use Microdata Sample (PUMS) 2000 5% census sample indicate that 17% of all households with a head of household between the ages of 18-40 have household sizes of 5 or greater.
14. Based on these assumptions, 497 households with households of 5 or greater would fall within the pay grades E-2 to E-5 ($2,925 \times 0.17 = 497$).
15. Data from the PUMS 2000 5% census sample also indicates that 21% of households with 5 or more members will have a total household income of less than 150% of the federal poverty level. (PUMS data contained information for both the 10th percentile and the 25th percentiles. The 21% figure was arrived at by extrapolation.)
16. Based on these assumptions, 104 households would have incomes below 150% of poverty level ($497 \times 0.21 = 104$).
17. Absent accurate data to determine how many families might be eligible, and absent accurate data that would indicate family size by pay grade, we can with no reliable way estimate the average monthly payment that households might qualify for. The monthly payment each member could qualify for is dependent on three variables: the pay grade of the member, the number of years of service, and the size of the household. Possible monthly payment options range from a low of \$257 per month for a Private First Class (PFC) with less than two years service and a household size of five to upwards of \$2,000 per month for a Corporal with four years of service and a household of eight. There are many additional options.
18. Absent data to determine what the average monthly payment might be, we have assumed an average monthly payment of \$1,200 per month to bring the household to 150 % of the federal poverty level. This would be approximately equivalent to a PFC with 3+ years of service and a household size of 6.

FAMILY SUPPORT PAYMENTS ESTIMATE:

(3,900 members \times 0.75 = 2,925 members in the pay grades \times 0.17 families of 5 or greater = 497 eligible families \times 0.21 households who fall below 150% federal poverty level = 104 \times 2/3 families with no additional income = 70 eligible families \times \$1,200 average monthly payment = \$84,000 per month of financial support payments \times 12 months = \$1,008,000 yearly financial support payments) We assume the payments would begin with the 5th month of the fiscal year. Total monthly payments of \$84,000 \times 8 months = \$672,000 for the first year.

CTED COSTS:

Start Up Costs:

CTED will develop and complete the rule making. CTED will develop an RFP, select a contractor, and develop and implement the contract (1.0 FTE TS3 for 4 months requiring \$19,085 for salary and \$4,771 for fringe benefits). After 4 months the FTE Program Technical Specialist 3 will reduce to 0.15 and CTED will include a 0.05 Budget Program Specialist 5 for ongoing operations. The total salaries cost \$26,900, fringe benefits is \$6,900. Total first year FTE is 0.47 FTE. Goods and services for start up, including \$3,000 AG costs, is \$17,000. Travel costs are estimated at \$500. Object T costs are calculated at \$12,700. Total start up expenses are \$64,000.

Ongoing Costs:

Ongoing costs after the initial year's startup include contract monitoring, program review, contracting, and reporting. We estimate 0.15 FTE Program Technical Specialist 3 and 0.05 FTE Budget Program Specialist 5. Salaries will be \$11,500, fringe benefits are \$2,900, goods and services \$2,200, travel at \$500, object T \$6,300. Total ongoing annual expenses are estimated to be \$23,400.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years		0.53	0.3	0.2	0.2
A-Salaries and Wages		26,900	26,900	23,000	23,000
B-Employee Benefits		6,700	6,700	5,800	5,800
C-Personal Service Contracts					
E-Goods and Services		17,200	17,200	4,400	4,400
G-Travel		500	500	1,000	1,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		672,000	672,000	2,070,000	2,070,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		12,700	12,700	12,600	12,600
Total:	\$0	\$736,000	\$736,000	\$2,116,800	\$2,116,800

III. B - 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 2004	FY 2005	2003-05	2005-07	2007-09
Budget Program Specialist 5	57,252				0.1	0.1
Program Tech Spec 3	57,252		0.5	0.2	0.2	0.2
Various-100 Agency Administration	41,600		0.1	0.0	0.0	0.0
Total FTE's			0.5	0.3	0.2	0.2

III. C - Expenditures By Program (optional)

Program	FY 2004	FY 2005	2003-05	2005-07	2007-09
Agency Administration (100)		12,700	12,700	12,600	12,600
Community Services (300)		723,300	723,300	2,104,200	2,104,200
Total \$		736,000	736,000	2,116,800	2,116,800

Part IV: Capital Budget Impact

There is no capital budget impact

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.

CTED expects to develop rules to determine the scope and eligibility requirements for the program.