



STATE OF WASHINGTON
CASELOAD FORECAST COUNCIL
PO Box 40962, Olympia Washington 98504-0962 (360) 664-9380

MINUTES

Caseload Forecast Council (CFC)

February 10, 2023

John A. Cherberg Building, Hearing Room 3/Teams Conference Call

Members Present: Senator Derek Stanford, Chair
David Schumacher, Director/OFM, Vice Chair
Jilma Meneses, Secretary/DSHS
Representative Steve Bergquist
Senator Lynda Wilson

Staff Present: Erik Cornellier, Executive Director
Dr. Elaine Deschamps, Deputy Director
Paula Moore
Dr. Webb Sprague
Erik Sund
Kathleen Turnbow
Dr. Shidong Zhang

Others Present: Evelyn Fielding Lopez, AAG/Office of the Attorney General

CALL TO ORDER

Senator Stanford called the meeting to order at 2:02 p.m. and determined that a quorum was present.

APPROVAL OF THE MINUTES

Director Schumacher moved to approve the November 9, 2022, meeting minutes. Secretary Meneses seconded the motion. The motion passed.

FEBRUARY 2023 FORECAST OVERVIEW

Erik Cornellier noted that the CFC staff are pleased to present this February forecast. There are nine forecasts that came in higher and nine that are down, so there is an even distribution between forecasts that are up and down, which is what the CFC likes to see. There are also 10 forecasts with negligible changes.

The biggest policy change in these forecasts is that the federal government gave states some guidance about the federal Public Health Emergency (PHE) and the policy requiring states to maintain

continuous eligibility of Medicaid clients while the PHE is in effect. The continuous eligibility policy is now decoupled from the PHE starting on April 1, and that means Washington can start re-evaluating eligibility for clients that have been on Medicaid under the continuous eligibility requirement on that date.

Another theme that is impacting these forecasts is workforce shortages. Examples include a shortage of nurses and childcare providers, backlogs in the courts, and a lack of state workers to process changes in eligibility.

Education

Paula Moore presented the Common Schools, Charter Schools, and Financial Aid forecasts.

Common Schools Enrollment

Common Schools K-12 were tracking closely with the November 2022 forecast. A future period of slower growth is expected due to declining birth rates and smaller age cohorts progressing through the K-12 system.

Special Education

The Special Education forecast is on par with the November forecast for the 2022-23 school year and about 0.8 percent higher for the 2023-25 Biennium. Growth came from the Special Education Preschool program as more engagement is expected in the next few years.

Charter Schools

The Charter Schools forecast for the 2022-23 school year was up 1.8 percent over November due to improved student retention at the secondary schools. Several secondary schools had previously struggled to retain students. Also, for next year, the Charter School Commission approved one secondary school serving grades 6-12 to expand into elementary school. That school will start with a kindergarten cohort and build out annually until reaching fifth grade. Ms. Moore reminded the Council that the forecast includes two new schools scheduled to open next year. That will be the end of new schools under current law. Some established schools may expand if they get approval to do so within a school area.

College Bound Scholarship Program (CBSP) and Washington College Grant (WCG)

The CBSP and WCG were both adjusted based on actual fall enrollment data. Unlike programs with monthly data, the financial aid data is on a quarterly schedule. The first good data came in December.

The CBSP forecast was up 2.3 percent from November. The growth came from improved persistence in years two, four, and five. Freshman growth came in as forecast and was higher than prior freshman years, as expected. The mix of enrollment improved among Community and Technical Colleges and Comprehensive schools, signaling more homebound (placebound) students are engaged. While the caseload is still on the decline, it is not declining as much as forecast.

WCG was up 1.0 percent this year and 1.6 percent for the biennium compared to November. WCG was a similar story to CBSP: actuals came in slightly higher, and there was improved participation at the CTCs while Research declined. CBSP serves students directly from high school, while WCG does not have age limits and serves a much broader population. The adult learners are not returning post-pandemic to college, which explains why the WCG forecast variance was lower than the CBSP variance.

Early Childhood Education and Assistance Program (ECEAP)

Erik Sund reported that the ECEAP forecast is, on average, 5.5 percent lower than the November forecast for the current fiscal year and 2.3 percent lower for the 2023-25 Biennium. Enrollment was significantly impacted by the COVID-19 pandemic, with 2020-2021 school year enrollment about 23 percent lower than the 2019-2020 school year. Enrollment has improved since then: in November 2022 it was about 12 percent below the November 2019 level. The forecast calls for continued recovery, but in the November 2022 forecast a more gradual expectation for the speed of that recovery was assumed. The program has had difficulty getting new program slots that the Legislature has funded up and running and continues to see a lower uptake rate by the public of the slots that have been made available.

Director Schumacher noted that the Governor's Proposed Budget included investments in ECEAP worker salaries and asked if the forecast reflects staffing challenges and if increased pay would address lower enrollment rates. Erik Sund replied that there were two factors impacting the caseload: difficulties in making program slots available, which addressing challenges from the tight labor market would likely help with, and lower rates of enrollment within the slots that are available. The forecast assumes that in the coming biennium, most of the funded slots will be made available but the uptake rate by the public will recover more gradually.

Senator Stanford asked if there was any information suggesting that there is variability in the uptake rate in different areas of the state. Erik Sund answered that there is some variation by geographic area both in terms of the deployment of classroom slots in use and that there is likely more than one factor influencing enrollment, possibly including mismatches between supply and demand in the location and schedule of program offerings as well as competition from other early education programs.

Representative Bergquist asked if the impact of competition from Transitional Kindergarten programs and increasing household incomes were included in the forecast. Erik Sund answered that the new, higher income limits for ECEAP don't go into effect until the 2026-27 school year, so they aren't a factor in the current forecast horizon. The percentage of children aged 3-5 who live in households that are eligible under current income requirements has been declining, and that will have an impact on the caseload.

Secretary Meneses asked if the increased prevalence of remote work was impacting the caseload. Erik Sund replied that he could only speculate.

Erik Cornellier commented that provider organizations must be rated at Level 4 or 5 under the Tiered Reimbursement/Early Achievers program to provide ECEAP services. The Department of Children, Youth, and Families (DCYF) is not planning to rate new Level 4 or 5 providers until after Fiscal Year 2025, so any growth in ECEAP program capacity before then would have to come from expansion and hiring by currently licensed providers.

Corrections

Erik Cornellier notified the Council that Liz Dehlbom, the forecaster who had been responsible for the corrections forecasts, took a new position in November.

The November forecasts made substantial changes in terms of abandoning or moderating assumptions about a “return to normal” after the COVID-19 pandemic. Those forecasts have been tracking well.

Adult Inmate

Erik Cornellier reported that the Adult Inmate forecast has been tracking well at about 0.7 percent below the November forecast. The draft February forecast is 1.0 percent down for Fiscal Year 2023 and 4.5 percent down for the biennium. This is an adjustment for recent actuals and a change in methodology. The November methodology was very sensitive to changes in recent actuals because it used a small number of months to determine a linear trend of admissions. The last few actuals in the November forecast were up, which pulled up the trend. This forecast uses a more robust exponential smoothing forecasting method that should provide more stability in response to small fluctuations in future actuals. He stated that the big adjustment was made in November, and now they are fine tuning.

Public Assistance

Temporary Assistance for Needy Families (TANF)

Dr. Webb Sprague presented the TANF forecast. The TANF forecast is tracking well at about 199 cases (0.6 percent) higher than the November forecast. The forecast is up by 0.1 percent due to a greater than expected number of Ukrainian refugees for the biennium.

Aged, Blind, and Disabled Grant (ABD)

Dr. Webb Sprague reported that the ABD forecast is tracking 1,389 cases or 5.5 percent higher than the November forecast. The forecast is up by 26.0 percent for the biennium due to a faster than expected uptake of the expansion of the ABD program to individuals between the ages of 21 and 64 who are residing in a public mental institution effective September 1, 2022, and an increase in the primary trend in Presumptive SSI.

Most of the variance in ABD is due to the Presumptive SSI program subtype increasing more rapidly than expected since February 2022. From June 2015 to February 2022, this program was very stable with a slight increase in the pandemic, but then the caseload started trending upward in February 2022. The CFC is still trying to understand this change in trend. In November 2022, there was a forecast increase for two months, then a decline based on new rules leading to more terminations, and then a steady state higher than the steady state before February 2022. In November, the CFC believed this forecast was conservative. For the February 2023 forecast, the CFC dropped this methodology and now forecasts a simple damped trend that does not incorporate a decline due to policy implementation. The program has reported that it is hard to enforce these new policies because of staffing issues.

Working Connections Child Care (WCCC)

Erik Sund reported that the WCCC forecast is, on average, 0.9 percent lower than the November forecast for the current fiscal year and 1.2 percent lower for the 2023-25 Biennium. The February forecast continues to show growth in the caseload, but the methodology is different. The last several forecasts incorporated large step adjustments reflecting the expected impacts of expanded eligibility under the Fair Start for Kids Act (FSKA). Households newly eligible under higher income limits drove

much of the growth last year; however, the number of households entering the program under those provisions has slowed recently, and the step adjustment has been removed for this forecast. It is assumed that the effect of the FSKA policies is now incorporated into the trend, with a somewhat slower rate of growth over a longer period.

Risks to this forecast remain high. Among other potential challenges, it is possible that provider limitations in the childcare sector may become an obstacle to caseload growth at some point.

Representative Bergquist asked if the rate increase from prior legislation supporting higher wages for childcare workers is factored into the forecast. Erik Sund replied that the model doesn't have a direct input or adjustment based on labor market forces, but the model assumes the continued availability of providers to absorb the additional caseload.

Children's Services

Licensed Foster Care (LFC)

Erik Sund reported that the LFC forecast is, on average, 3.0 percent lower in the current fiscal year and 5.3 percent higher for the 2023-25 Biennium. Case counts in both components of LFC, Basic Foster Care/Receiving Care (BFCRC) and Behavioral Rehabilitative Services (BRS), started to decrease prior to the pandemic. After a provider rate increase in April of 2022, the BRS caseload appears to have stabilized. The BFCRC caseload, which is about 91 percent of LFC cases, continues to decline. There is uncertainty as to the reasons for the reductions in the BFCRC caseload, so it's not clear where it might begin to level off. Additional risks to this forecast come from Second Substitute House Bill 1227 (from 2021) which will come into effect this July. The bill is expected to reduce the total number of children moved from parental custody into foster care and will also provide a pathway to licensed relatives who provide foster care. It is not yet known how these opposing forces on the LFC caseload will balance out.

Senator Stanford asked about the extent to which the decline in the BFCRC caseload is due to a lack of providers or to reduced demand for the service. Erik Sund noted that the Department of Children, Youth, and Families and the courts have made some efforts to place children with relatives, diverting cases from LFC to the Unlicensed Foster Care (UFC) caseload. As UFC case counts have also been decreasing, it may be that other factors, such as reduced economic stress on some households due to a strong labor market, are impacting the level of need.

Extended Foster Care (EFC)

Erik Sund reported that the EFC forecast is, on average, 2.2 percent lower in the current fiscal year and 7.8 percent lower for the 2023-25 Biennium. Actuals have been tracking about 1.0 percent below the November forecast. The decline in the LFC caseload appears to be having a downstream impact on the EFC caseload, as an individual must enter foster care to be eligible for extended foster care. The changes in LFC take some time to show up in the EFC caseload, and the turning point may have been masked to some degree by the April 2020 implementation of a temporary policy allowing youths to continue to receive benefits after turning 21, which temporarily increased the case counts.

The risk to this forecast is higher than it has typically been as the relationship between the Licensed Foster Care, Unlicensed Foster Care, and EFC caseloads is not a simple one.

Adoption Support Maintenance Payments (ASMP)

Erik Sund reported that the ASMP forecast is 0.5 percent lower than the November forecast for Fiscal Year 2023 and 1.3 percent lower, on average, for the 2023-25 Biennium. Actuals have been, on average, about 0.4 percent below the November forecast. As with the EFC caseload, the ASMP caseload is beginning to show the impact of the smaller number of foster care cases, as foster care is a common pipeline to adoption. This has historically been a very stable caseload so the percentage change in the forecast isn't as large as for some other caseloads, but it's a big change for this forecast.

Senator Stanford asked why these numbers are seasonal. Erik Sund answered that there is a National Adoption Month, and a lot of adoption activity is organized around it, bringing a gradual increase annually until the adoptions have been absorbed. Then the cycle repeats.

Medical Assistance

Adult Caretakers and Children

Dr. Shidong Zhang reported that the Adult Caretakers and Children caseload has been tracking well at 0.2 percent below the November forecast. The February forecast is 2.2 percent higher than the November forecast for Fiscal Year 23 and, on average, 0.1 percent higher for the 23-25 Biennium. Like prior forecast cycles in the pandemic period, the reason for the forecast change is primarily because of continuous enrollment unwinding process being pushed back for two months, from February to April 2023.

The federal Consolidated Appropriations Act of 2023 (CAA) decouples the requirement of continuous enrollment in Medicaid from the Public Health Emergency (PHE). The CAA terminates continuous enrollment on March 31, 2023, and phases down the enhanced Medicaid federal shares from April to December 2023. Therefore, the Health Care Authority (HCA) will initiate the unwinding process on April 1, 2023, instead of February 1 that was assumed in the November forecast. As such, the caseload will continue to accumulate for an additional two months before the start of the unwinding process, and this is the main reason for the higher February forecast. Another reason for the February forecast change is the updates of unwinding assumptions, including the update of how quickly the Health Care Authority will redetermine the backlog cases in the pandemic period.

The risks to the forecast are high. Although the CAA reduces some uncertainties of the unwinding process, there are still many uncertainties related to how quickly the Health Care Authority will process the continuous enrollment cases. There is also a question of if the post-unwinding caseload will return to its pre-pandemic trajectory. This trajectory is the extension line of the pre-pandemic forecast curve; it is not the level; it is the trend.

Low Income Adults

Dr. Shidong Zhang reported that the Low Income Adults caseload has been tracking well at 0.4 percent above the November forecast. The February forecast is 2.5 percent higher than the November forecast for the 23-25 Biennium. Although there are many differences in details, the primary reason for the February forecast change is the same as the reason for the change in the Adult Caretakers and Children caseload, which is because of the federal Consolidated Appropriations Act of 2023 (CAA). Under the CAA, the Health Care Authority will initiate the unwinding process two months later than what was assumed in the November forecast, so this caseload will continue to accumulate. Another reason is the updates of unwinding assumptions.

Aged, Disabled, and Other Medical

Dr. Shidong Zhang reported that the Aged, Disabled, and Other Medical caseload has been tracking well at 0.2 percent above the November forecast. The February forecast is 1.3 percent higher than the November forecast for Fiscal Year 23 and, on average, 1.8 percent higher for the next biennium. The same as the prior two medical caseloads, two important reasons for the February forecast changes are the CAA impact and updates of unwinding assumptions. In addition, the February forecast incorporates a policy change that eliminates the asset test for the Medicare Savings Program (MSP).

Long Term Care

Dr. Shidong Zhang reported that the Nursing Homes caseload has been tracking well at 0.1 percent above the November forecast. The February forecast is 1.1 percent lower than the November forecast for Fiscal Year 23 and, on average, 6.3 percent lower for the 23-25 Biennium. The February forecast continues to assume the caseload will rebound to the pre-pandemic trajectory, and the timing is pegged to the Public Health Emergency (PHE). The February forecast change reflects the extension of the PHE end date from January 11, 2023, to April 11, 2023. The February forecast also assumes the caseload will take a longer time to return to the pre-pandemic trajectory due to the staffing shortages in nursing home facilities.

Approval of the Forecasts

Secretary Meneses moved, Director Schumacher seconded, to approve the forecasts as presented. The motion passed.

The next meeting is scheduled for June 14, 2023, at 1:30 p.m.

The meeting adjourned at 2:43 p.m.

APPROVED AND ADOPTED BY THE CASELOAD FORECAST COUNCIL



Senator Derek Stanford, Chair



Date



Erik Cornellier, Executive Director



Date



STATE OF WASHINGTON
CASELOAD FORECAST COUNCIL
PO Box 40962, Olympia Washington 98504-0962 (360) 664-9380

MINUTES

Caseload Forecast Council (CFC)

June 14, 2023

John L. O'Brien Building, Conference Rooms B15/B18 and Teams

Members Present: Senator Derek Stanford, Chair
Representative Steve Berquist
Senator Lynda Wilson

Staff Present: Erik Cornellier, Executive Director
Dr. Elaine Deschamps, Deputy Director
Dr. Webb Sprague
Erik Sund
Kathleen Turnbow
Dr. Shidong Zhang

Others Present: Andrew Krawczyk, AAG/Office of the Attorney
General

Call to Order

Senator Stanford called the meeting to order at 1:30 p.m. and determined that there were not enough members in attendance to constitute a quorum.

June 2023 Forecast Overview

Erik Cornellier started with an overview of the forecasts. He pointed out that 13 of the forecasts are higher than the February 2023 forecast, seven of them are lower, and nine have negligible changes. The CFC usually looks to have a similar number of forecasts that are higher and lower than the previous forecast. The June forecast incorporates many legislative policy changes, however, and in this case more of the forecasts are up from February. He stated that three of the forecasts include substantial restructuring or data changes. Despite all of that, the tracking variance for 13 of the forecasts has been negligible, which is about 45 percent of the forecasts.

Erik Cornellier also provided a legislative update. During the 2023 session the Legislature directed the CFC to forecast three new caseloads. HB 1218 directs the CFC to forecast the Working Families Tax Credit program. HB 1188 requires a forecast of developmentally disabled individuals found eligible for waiver services and subject to dependency. HB 1550 directs the CFC to forecast the new Transition to Kindergarten (TTK) program. Similar services had been provided under a program called Transitional

Kindergarten (TK), and the CFC had been forecasting those children as a subset of the kindergarten forecast. Now it will be a separate forecast.

Education

Erik Cornellier began the forecast summary with the education forecasts.

Common Schools

The Common Schools Enrollment forecast has been tracking on par and the forecast change is negligible. The forecast is on par for fiscal year (FY) 2023 and 0.4 percent lower for the 2023-25 Biennium. The change is from the shift of about 4,300 kids from the TK program, which had formerly been part of the kindergarten forecast, into the new TTK program and forecast.

Special Education

The Special Education caseload has been tracking 1.3 percent higher than forecast. The forecast is up 0.3 percent for FY 2023 and 5.2 percent for the 2023-25 Biennium. This forecast has two parts: age three to pre-kindergarten (3-PreK), and kindergarten to age 21(K-21). The 3-PreK portion is up 1.0 percent based on revised population estimates from the Office of Financial Management. The K-21 portion is up 5.6 percent because HB 1436 lifted the funding index for special education from 13.5 percent to 15 percent of total student population.

Charter Schools

Next was the Charter Schools forecast, which has been tracking 1.1 percent above the February forecast. This forecast is on par for FY 2023 and 6.1 percent lower for the 2023-25 Biennium. HB 1550 removed the TTK kids from Charter Schools until the 2025-26 school year, which reduces the caseload by approximately 288 kids. Rainier Valley Leadership Academy also delayed their expansion to elementary school until the 2024-25 school year, reducing the caseload by approximately 50 kids.

Transition to Kindergarten

Erik Cornellier then presented the new TTK forecast, which had been tracking approximately 3.7 percent below the previous TK forecasted values. This forecast is 3.7 percent lower for FY 2023 and 7.4 percent lower for the 2023-25 Biennium. The changes are due to updated data and the exclusion of Charter Schools.

Washington College Grant

Erik Cornellier then moved on to Higher Education and presented the Washington College Grant forecast, which has been tracking 2.8 percent higher than the February forecast. This forecast is up 2.8 percent for FY 2023 and 4.8 percent for the 2023-25 Biennium. This is mostly due to recent growth at the community and technical colleges (CTCs). This forecast normally assumes a fall to spring increase in enrollment. The February forecast assumed a 150 percent increase, but it came in at 160 percent. The biennial growth is based on CTC growth and increasing completion rates of the Free Application for Federal Student Aid (FAFSA) by high school seniors.

Early Childhood Education and Assistance Program (ECEAP)

Erik Sund reported that the ECEAP forecast is, on average, 10.0 percent higher than the February forecast for the current fiscal year and about 8 percent higher for the 2023-25 Biennium. Enrollment was significantly impacted by the COVID-19 pandemic, and while it has continued to recover, it has done so more slowly than was forecast. The entitlement eligible portion of the caseload is forecast to be 5.8 percent lower in FY23 and 14.5 percent lower for the 2023-25 Biennium.

The impact of that revision is smaller than the effect of the proposed rebasing of the program caseload to include allowable, non-entitled cases. Since 2019, the Department of Children, Youth and Families (DCYF) has been allowed to enroll children who do not meet the entitlement eligibility criteria on a space-available basis. These allowable enrollments, which may not exceed 25 percent of total program participation, have been growing more quickly than entitled enrollments over the past two years. This may be due in part to the growing difference between median incomes in the state and the Federal Poverty Level (FPL) on which entitlement standards are currently based.

Erik Sund stated that a total enrollment definition of caseload is more consistent with the CFC's statutory direction and would give a better picture of actual program participation.

Representative Bergquist noted that school Superintendents expect the Transition to Kindergarten (TTK) program to more than double in size and asked about the interaction between ECEAP and TTK enrollments over the long term. Erik Sund agreed that there is some overlap and that will be continued to be monitored. He also noted that while TTK growth isn't a direct input in the forecast model for the current forecast horizon, it is built into the longer-range courtesy forecast for ECEAP as it transitions to an entitlement program.

Erik Cornellier noted that the CFC's education forecaster was home sick but that she could follow up on Representative Bergquist's questions about the TTK caseload.

Corrections

Adult Inmate

Erik Cornellier then moved to corrections, starting with the Adult Inmate forecast. It has been tracking on par with an average variance of 0.0 percent. The forecast is 0.1 percent lower for FY 2023 and 0.8 percent lower for the 2023-25 Biennium. The reduction is based on sentencing policy changes enacted during the 2023 session. EHB 1324 removes all juvenile offenses from scoring in adult felony sentences, reducing cases by approximately 99. ESHB 1394 eliminated the requirement to register as a sex offender for certain juveniles, a roughly 24 case reduction.

Community Custody Violator

Senator Wilson asked about the variance in the Violator forecast, which is up 4.4 percent in FY 2023 and 12.2 percent in the 2023-25 Biennium. Erik Cornellier indicated that while there is variance, there is not a story behind it. This is a smaller caseload, so a change of a few cases can cause large swings in the percentage change. Recent actuals were tracking 21 cases or 5.6 percent above forecast. This forecast takes a conservative approach and adjusts upward for recent variance, but it does not incorporate an increasing trend based on those actuals because they appear to follow a seasonal pattern in the data.

Public Assistance

Temporary Assistance for Needy Families (TANF)

Dr. Webb Sprague reported that the TANF actuals compared to the TANF June forecast are tracking 329 cases and 1.0 percent higher than the forecast, and that the June forecast compared to the February forecast is 1.3 percent higher overall. The changes are due to a number of factors. These factors include the leveling off of Ukrainian WorkFirst clients and the transition out of COVID time limit extension (TLE) policies. The changes also are due to HB 1447 which increases resource limits in

eligibility determination, increases earned income disregarded in eligibility determination, and eliminates time limits for Child Only cases. Finally, the changes are due to a proviso in the budget bill that increases the TANF grant by eight percent. The primary risk to the forecast is that the impact of the end of COVID TLE and the new implementation of the unemployment hardship TLE policy have not yet been reflected in the data which makes them difficult to project.

Aged, Blind, and Disabled Grant (ABD)

Dr. Webb Sprague reported that the ABD actuals versus the ABD February forecast are tracking 572 cases and 2.1 percent higher than the forecast, and that the June forecast compared to the February forecast is 3.9 percent higher overall. The changes to the forecast are primarily due to the continuing and unprecedented growth in the Presumptive Supplemental Security Income (PSSI) primary trend. It appears from the last actual that it might be changing back to normal, but that's only a single point, so that information was combined with the steep trend based on earlier data. Additionally, the forecast is up due to legislation: HB 1447 exempts a higher amount of resources and disregards more income in eligibility determination. Finally, a slight increase in ABD Aged Ukrainian refugees was forecast due to issues in transitioning cases from RCA to SSI. The primary risk is the uncertainty of the growth in the PSSI program

Working Connections Child Care (WCCC)

Erik Sund reported that actual case counts had been tracking, on average, 1.2 percent below the February forecast for WCCC. The most recent months, however, have been closer to forecast, and some other early indicators suggest that the caseload will be coming in higher. As a result, the primary trend of the June forecast is up slightly. Additionally, the forecast includes new step adjustments for 2SHB 1447 (which revises certain limitations on eligibility for TANF) and 2SSB 5225 (which directly expands eligibility for WCCC for childcare workers, specialty court participants, and some immigrants). As a result, the forecast is up 0.4 percent for FY 2023 and 3.4 percent for the 2023-25 Biennium, compared to the February forecast. There is still some risk to the forecast resulting from the uncertain impacts of various changes to program eligibility under the Fair Start for Kids Act of 2021, which likely have not fully played out yet.

Children's Services

Licensed Foster Care (LFC)

The LFC forecast is, on average, 22.8 percent higher in the current fiscal year and 40.7 percent higher for the 2023-25 Biennium.

The Department of Children, Youth, and Families (DCYF) identified a reporting system error that led to a group of cases being omitted from Basic Foster Care & Receiving Care (BFCRC) counts since 2021. The error was initially small but grew to an average of 913 cases over the first two quarters of FY 2023. The corrected case history shows that the downward trend in LFC cases observed since the spring of 2019 ended in the summer of 2021, but that development was not reported until after the February 2023 forecast.

In addition to using the corrected caseload data, the June forecast includes step adjustments to account for the effects of 2SHB 1227 (from 2021), which will revise standards for court ordered placements of children into foster care and for the licensing of persons who provide foster care to a relative. It is expected that these changes will both reduce the number of children placed into foster care and increase the share of caregivers who are licensed, with the result expected to be a net

positive within LFC (and a decrease in Unlicensed Foster Care). There is some uncertainty about the impact of 2SHB 1227 on licensing behavior and therefore some additional risk to the forecast; however, the caseload appears to have leveled out for the time being.

Senator Stanford asked if Erik Sund was confident that DCYF has addressed its systems issues thoroughly and is now reporting LFC case counts accurately. Erik replied that he believes he understands what happened and that this particular issue had been fixed but that staff from DCYF were present and could perhaps give a more useful response. Rene Newkirk, Chief Financial Officer of DCYF, stated that the problem had been corrected and that it had not impacted the budget of the agency because of the way the per case costs are calculated. She also noted that the agency has developed an automated query to catch data errors of this kind in the future.

Adoption Support Maintenance Payments (ASMP)

Actual ASMP cases have been tracking, on average, 0.8 percent below the February forecast. The June forecast has a slight downward adjustment to reflect these results and incorporates a step adjustment to reflect the impact of expanded guardianship supports under ESSB 5214, which is expected to result in an increase in the number of children placed into guardianships rather than being adopted. As a result of the changes, the June forecast is 0.7 percent lower than the February 2023 forecast for FY 2023 and 3.4 percent lower, on average, for the 2023-25 Biennium.

Senator Stanford asked what the reason behind the seasonality in these data. Erik Sund answered that there is a National Adoption Month, and a lot of adoption activity is organized around it, bringing a gradual increase annually until the adoptions have been absorbed. Then the cycle repeats.

Medical Assistance

Medicaid Unwinding Risks

Dr. Shidong Zhang reported that overall, all three medical caseloads are tracking well. The aggregate variance for all three caseloads is about one tenth of a percent higher than the February forecast, which is consistent with the tracking performance in the pandemic period, and the forecast changes in the pandemic period are primarily because of the extensions of the federal Public Health Emergency.

Before presenting the forecast details, Dr. Zhang discussed the most challenging issue facing all of the Medicaid caseload forecasts, which is the Medicaid continuous enrollment unwinding process. The federal Consolidated Appropriations Act of 2023 decouples the requirement of continuous enrollment in Medicaid from the Public Health Emergency such that the Health Care Authority can start the pandemic continuous enrollment unwinding process in April 2023. During the unwinding process, a large number, likely hundreds of thousands of clients could be removed to ensure compliance with federal requirements.

The unwinding process is very complicated with many uncertainties such as how quickly the Health Care Authority can process the backlog cases and if the caseloads will come back to the pre-pandemic trajectory. With limited new information, the unwinding assumptions of the June forecast are basically the same as what applied in the February forecast. The unwinding assumptions based on limited information could be the reason for high tracking variances and large forecast changes in the following forecast cycles.

Adult Caretakers and Children

Dr. Zhang reported that the Adult Caretakers and Children caseload has been tracking well at 0.1 percent below the February forecast. The June forecast is 0.2 percent higher than the February forecast for FY 2023 and, and 3.1 percent higher for the 2023-25 Biennium.

The primary reason for the new forecast change is that the federal Centers for Medicare and Medicaid Services approved a new 1115 Medicaid waiver to provide continuous eligibility for categorically needy children clients from their initial eligibility determination until the age of six, regardless of changes in income or other factors that would normally affect their eligibility. As a result, the Medicaid unwinding process will not apply to clients covered by the new waiver and will also not apply to the state Children's Health Program.

Aged, Disabled and Other Medical

Dr. Zhang reported that this classic Medicaid caseload has been tracking 0.4 percent above the February forecast. The June forecast is 0.3 percent higher than the February forecast for FY 2023 and 1.8 percent higher for the 23-25 Biennium.

The main reason for the higher June forecast is that the Health Care Authority (HCA) received additional funding for the Qualified Medicare Beneficiary program to increase the income threshold from 100 percent of the federal poverty level (FPL) to 110 percent of the FPL. As a result of this change, clients will transition from the Specified Low Income Medicare Beneficiary Program to the QMB program. However, this kind of change of income threshold will not change the number of HCA-served clients.

Long Term Care Nursing Homes

Dr. Zhang reported that the Nursing Homes caseload has been tracking 1.1 percent below the February forecast, and the June forecast is 0.3 percent lower than the February forecast for FY 2023 and 1.7 percent lower for the 2023-25 Biennium. Previous forecasts in the pandemic period assumed that the caseload would return to its pre-pandemic trajectory quickly after the Public Health Emergency. The June forecast removes this assumption and anticipates a longer timeframe for the caseload to return to its pre-pandemic trajectory.

On the policy side, the Department of Social and Health Services received funding for the Community Housing Transitions project for Medicaid clients who receive long-term care services to transition to a more permanent living arrangement. This kind of policy change lowers the nursing homes caseload forecast.

Home and Community Services

Dr. Zhang reported that the Home and Community Services caseload has been tracking 6.7 percent below the February forecast, and the June forecast is 6.6 percent lower than the February forecast for FY 2023 and 5.5 percent lower for the 2023-25 Biennium. However, the tracking and forecast comparisons are apples to oranges comparisons because the June forecast predicts the number of clients with incurred claims instead of the number of authorized clients in prior forecasts.

This forecast structure change was requested by the Department and Social and Health Services because, after the implementation of the new Consumer Directed Employer program, the difference in

the authorization-based caseload and the claim-based caseload becomes much larger than before and makes it more difficult to reflect the true service cost. However, the lower caseload forecast combined with the higher per capita forecast makes the expenditure stable.

Dr. Zhang explained that the forecast chart displays the authorization-based historical data and the February forecast and that the tracking is very good. The tracking of the authorization-based caseload is 0.2 percent lower, and the forecasts should be consistent if the data used in the forecast were authorization based.

Approval of the Forecasts

Absent the required quorum, a vote was not taken to approve the forecasts.

The next meeting is scheduled for November 8, 2023, at 1:30 p.m.

The meeting adjourned at 2:15 p.m.

APPROVED AND ADOPTED BY THE CASELOAD FORECAST COUNCIL



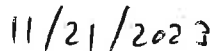
Senator Derek Stanford, Chair



Date



Erik Cornellier, Executive Director



Date



STATE OF WASHINGTON
CASELOAD FORECAST COUNCIL
PO Box 40962, Olympia Washington 98504-0962 (360) 664-9380

MINUTES

Caseload Forecast Council (CFC)

November 8, 2023

John L. O'Brien Building, Conference Rooms B15/B18 and Teams

Members Present: Senator Derek Stanford, Chair
Director David Schumacher, OFM, Vice Chair
Representative Steve Bergquist
Representative Chris Corry
Secretary Jilma Meneses, DSHS
Senator Lynda Wilson

Staff Present: Erik Cornellier, Executive Director
Dr. Elaine Deschamps, Deputy Director
Dr. Alex Ge
Dr. Webb Sprague
Erik Sund
Kathleen Turnbow
Dr. Shidong Zhang

Others Present: Andrew Krawczyk, AAG/Office of the Attorney
General

Call to Order

Senator Stanford called the meeting to order at 1:40 p.m. and determined that a quorum was present.

Approval of the Minutes

Director Schumacher moved, Representative Bergquist seconded, to approve the minutes of the February 10, 2023, and June 14, 2023, meeting minutes. The motion carried.

Executive Session

The Council went into executive session at 1:43 p.m. to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. The regular meeting was reconvened at 2:06 p.m.

Extension of the Executive Director's Term of Employment

Senator Stanford moved to extend the Executive Director's contract by an additional year. Secretary Meneses seconded the motion. The motion carried.

Senator Stanford commented that he thinks the Director is doing an excellent job, and the Council is lucky to have him running this group and keeping the forecasts on track.

November 2023 Forecast Overview

Erik Cornellier provided the forecast overview.

He started with a few announcements.

First, the CFC hired Alex Ge as the new forecaster for the criminal justice forecasts. Alex comes to the CFC from the Department of Labor & Industries (L&I), where he was a Research and Analytics manager responsible for supervising a team in developing predictive analytics and economic impact analyses for L&I's rules and policies. He earned a Ph.D. in economics from Purdue University, a M.S. in statistics from Washington State University, and a M.S. and B.S. in economics from Southwest Jiaotong University.

Second, the CFC has a new website developed with a modern content management system that renders in more browsers and mobile devices and meets accessibility standards.

Erik Cornellier then moved on to the forecast overview, noting that there are 13 forecasts that are higher than the June forecasts, 10 that are down, six that have changed negligibly, and two that are new.

The changes can be summarized into four themes.

First, there are substantial changes in the education forecasts in both directions.

Second, the Medical Assistance forecasts are up because the eligibility redeterminations following the end of the federal Public Health Emergency have been slower than expected.

Third, there are data issues with the Tiered Reimbursement and Licensed Foster Care forecasts. For Tiered Reimbursement, the data provider shifted from the Office of Financial Management (OFM) to the Department of Children, Youth, and Families (DCYF) in June. OFM had been using payment data to determine the actual provider numbers. DCYF decided to use their system of record for provider ratings instead, but that data series remains incomplete. DCYF is working on improving that data series. Based on informal discussions with DCYF, the CFC does not believe that there is a high risk in leaving the Tiered Reimbursement forecast unchanged for this cycle.

Fourth, there are two new forecasts: the Working Families' Tax Credit and Dependency Involved Children & Young Adults in the Developmental Disabilities Administration.

Education

Paula Moore presented the Common Schools and Financial Aid Forecasts. Highlights centered around caseload increases in programs offered by the Community and Technical Colleges (CTCs). Last year was the first year that system was fully opened in person and so growth is occurring as a result.

Common Schools Enrollment

K-12 tracked close to the June forecast. However, both Running Start and Open Door experienced higher growth. The CTCs operate most of those programs. Kindergarten also came in lower. The net combination is a flat year-over-year growth for K-12.

Special Education

Special Education is higher relative to February due to a legislative policy step to lift the funded index from 13.5 percent to 15 percent. The November forecast is higher than June by 1.7 percent. There is often volatility in the forecast after the first year the index is raised as some districts are above and some are below the index. There is also an increase in the Special Education preschool caseload.

Bilingual

Bilingual increased by ten percent relative to both June and February, which held the same assumptions. Multiple factors contributed to the increase. The prior forecasts assumed nearly 11,600 exits. Actuals came in at 8,500 exits. The difference in exits explains 28 percent of the forecast increase. The other 72 percent is from new enrollments. In Washington State, refugee and special immigrant visa placements have doubled in the past year, and the count of individuals with Temporary Protected Status has also increased. Finally, the process of non-immigrant worker visas and their dependents declined during the pandemic. Processing has returned to 2019 levels within the past 12 months.

Transition to Kindergarten

This is a new more experimental forecast. The November forecast is 7.3 percent above June due to the number of schools starting their program in September rather than November or January. Schools have flexibility setting the start date.

College Bound Scholarship (CBSP) and Washington College Grant (WCG)

The CBSP is increasing by 2.3 percent compared to June, with increased enrollment at the CTCs and improved year-over-year retention at the public four-year institutions.

The WCG increased by nearly five percent. Final prior year data came in higher due to revisions showing a mid-year increase in older students. Additional FAFSA data shows more interest from older students enrolling in school this year. The forecast assumes this growth will be centered at the CTCs, private two-year programs, and the online Western Governor's University. Finally, a third-party servicer is taking over administration of the Apprenticeship portion of the WCG program. This is expected to increase participation from the June assumption of 350 participants to 800 in the November forecast.

Public Assistance

Working Families Tax Credit (WFTC)

Dr. Webb Sprague reported that this is the first year of the WFTC forecast, so there is no previous forecast for comparison. The CFC assumes that most of the caseload for tax year 2022 (fiscal year 2023) have already applied due to the tax cycle. The CFC forecasts an increase in the total caseload in FY24 and FY25, but with the same seasonal profile, due to higher uptake as the program becomes established and more widely known. Uptake assumptions are the biggest risk to the forecast. Note the extreme seasonality: most applications will come in March through May because of the tax cycle. September 2023 has a lower caseload compared to the previous month due to a large-scale training at

the Department of Revenue (DOR); the CFC assumes this caseload will return in the following month (October) when the training has been completed.

Children's Services

Licensed Foster Care (LFC)

Erik Sund introduced Rene Newkirk and Charles Wang of the Department of Children, Youth and Families (DCYF) who provided an update on reporting methods for foster care cases. Rene Newkirk described how DCYF has moved from counting cases with a manual process using detailed Service Codes to an automated process using higher-level groupings of services called Program Indexes. The new process is still being refined, and the case counts used for the June forecast were overstated. She stated that the caseload changes had not impacted the budget as the per-child costs had been impacted by the changes in case counts.

Chair Stanford asked if the Service Codes would be more detailed while the Program Indexes would more reliably capture cases over time. Rene Newkirk indicated that using Program Indexes would improve the reliability of the reported data. Chair Stanford then asked if DCYF could still access individual child-level data to answer questions. Charles Wang indicated that they are still able to access child-level data using Service Codes, but that is where things get complicated as manual adjustments to service codes may be required. Using higher-level data is more reliable.

Erik Sund said that the forecast chart shows how the forecast has evolved along with the reported data by increasing in the June forecast and then dropping back down for November. As the reporting process is still being refined, the primary trend for the forecast was constructed using an average of the February forecast data, which was too low, and the June data, which was too high. Erik Sund also noted that the forecast includes a revised step adjustment for the effects of Second Substitute House Bill 1227 (2SHB 1227) from 2021, which changed standards for the removal of children from parental custody and established a new form of initial foster care license for persons who provide foster care for relatives. Erik said that it is now assumed that a larger share of unlicensed foster care providers will be eligible for and interested in licenses, leading to more providers receiving maintenance payments. After the changes to the step adjustment and to the caseload data used, the November forecast is 30.7 percent higher than the February forecast for the 2023-25 Biennium and 7.1 percent lower than the June forecast for the same period. Due to the continuing development of caseload reporting methods and the limited availability of data to use in the 2SHB 1227 step adjustment, risks to the forecast are elevated.

Chair Stanford asked if with the shift to the Program Index, Erik Sund had to estimate which cases fall into each index for forecasting. Erik Sund replied that he does not forecast at that level of detail, but that there were challenges into trying to reconcile the data from the two processes. Chair Stanford then asked for clarification about earlier comments about the budget impact and whether the budget estimates were more reliable. Rene Newkirk answered that the caseload changes have not impacted the budget because the cost data are separate, and as the case counts have changed, the per capita budget estimates changed in the opposite direction, so the overall expenditure data are still accurate.

Medical Assistance

Shidong Zhang presented the Medical Assistance forecasts.

Adult Caretakers and Children

For the Adult Caretakers and Children caseload, this caseload is tracking 1.2 percent above the June forecast, and the November forecast is 4.3 percent higher than the June forecast for the 23-25 Biennium. The Medicaid continuous enrollment unwinding process started in April 2023. The caseload will continue to drop as the Health Care Authority (HCA) re-determines the eligibility of the pandemic postponed cases to ensure compliance with federal requirements. However, the HCA redetermination process has been slower than assumed in prior forecast cycles. The main reasons are federal unwinding outreach requirements, HCA's staff turnover and new staff trainings, increased new applications, and increased workload to manually reinstate cases related to the newly approved CN Children Medicaid Waiver.

In addition, there is an increasing backlog of cases needing post-eligibility review (PER). HCA estimated the total number of unwinding post-eligibility reviews would be 465,000 cases by the end of the unwinding process, and about 50 percent of these cases' eligibility would be terminated, which means that by the end of the unwinding process, a substantial number of ineligible clients will be in HCA's Medicaid medical programs. Based on prior experience, the ongoing PER and backlog reduction process will substantially impact the performance of the November forecast and may also impact forecast performance in the following cycles.

In this current unwinding process, it is difficult to predict exactly what is going to happen with almost half a million pending PER cases, which is substantially larger than ever happened before.

Low-Income Adults

For the Low-Income Adults caseload, it is the same as the Adult Caretakers and Children caseload because they are both MAGI caseloads. The reasons for a higher November forecast are primarily due to a slower continuous enrollment unwinding process and an increasing number of post-eligibility review cases.

Aged, Disabled and Other Medical

This caseload is tracking 0.3 percent below the June forecast, and the November forecast is 3.3 percent lower than the June forecast for the 23-25 Biennium. Contrary to the two MAGI caseloads just discussed, for this classic medical caseload, the unwinding redeterminations have been processed more quickly than assumed in the prior forecast.

Long-Term Care

DDA Dependency Involved Children and Young Adults

Elaine Deschamps presented the new forecast "**DDA Dependency Involved Children and Young Adults**" per E2SHB1188 enacted this past session. She pointed out that the chart looks different from what Council members are used to seeing because actuals do not yet exist for this new caseload. The criteria for this caseload are that individuals are either subject to a dependency or receiving extended foster care or exited a dependency proceeding or discontinued extended foster care, and are eligible for a DDA Medicaid Waiver service, and are also expected to utilize a waiver service.

Since this is a brand-new caseload, counts of eligibles are expected to begin in December 2023, as a state-funded caseload until December 2024, when it is assumed that the caseload will be federally matched once the modified eligibility requirements for the waiver will be approved by CMS. In terms of components in the assumption process, it is expected that utilization will increase by age, with

utilization being lower in the younger ages and highest in the ages 8-20. The risks to the forecast are high, as this is a new forecast, and it assumes that CMS will approve these modified eligibility requirements.

Approval of the Forecasts

Director Schumacher moved, Senator Stanford seconded, to approve the forecasts as presented. The motion carried.

OFM State Population Forecasts

Mike Mohrman, State Demographer, and Rob Kemp, Senior Data Scientist, presented the OFM State Population Forecast.

2024 Meeting Dates

Senator Stanford noted that the 2024 proposed meeting schedule was included in the materials sent to members. The next meeting is currently scheduled for February 16, 2024, at 1:30 p.m.

The meeting adjourned at 2:48 p.m.

APPROVED AND ADOPTED BY THE CASELOAD FORECAST COUNCIL



Senator Derek Stanford, Chair

3/5/2024

Date



Erik Cornellier, Executive Director

3/19/2024

Date