



Dept of Social and Health Services
Program 060 - Economic Services Administration
2021-23 Regular Budget Session
Policy Level - FK - TALX Wage Verification

Agency Recommendation Summary

The Department of Social and Health Services (DSHS) Economic Services Administration (ESA) requests \$3,264,000 (\$2,384,000 GF-State) to cover the increasing cost of determining eligibility through Equifax's Work Number (TALX) income verification service. This service ensures ESA recipients receive expeditious and accurate benefits.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Operating Expenditures						
Fund 001 - 1	\$1,044	\$1,340	\$2,384	\$1,677	\$2,062	\$3,739
Fund 001 - 2	\$329	\$422	\$751	\$528	\$650	\$1,178
Fund 001 - C	\$56	\$73	\$129	\$92	\$112	\$204
Total Expenditures	\$1,429	\$1,835	\$3,264	\$2,297	\$2,824	\$5,121
Revenue						
001 - 0310	\$329	\$422	\$751	\$528	\$650	\$1,178
001 - 0393	\$56	\$73	\$129	\$92	\$112	\$204
Total Revenue	\$385	\$495	\$880	\$620	\$762	\$1,382

Decision Package Description

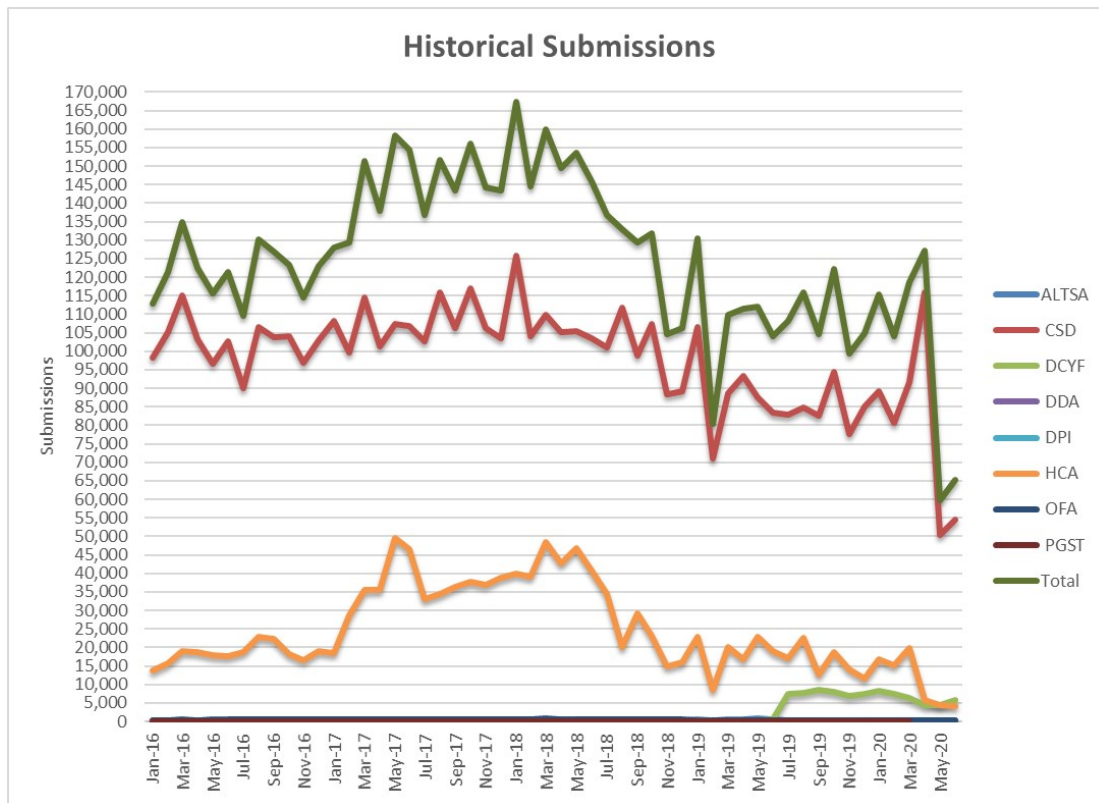
PROBLEM STATEMENT:

Since 2006, DSHS has used TALX online service to obtain client wage history, an indication of part-time or full-time employment status, and average hours worked per pay period. The annual contract amount has increased each year, due to the increased employment verifications per month run by DSHS, the number of employers participating with TALX, and an increase in the TALX cost per search. ESA anticipates this cost increase will continue by an average of 14 percent each year, based on historical experience.

Eligibility determinations for DSHS administered cash assistance programs, the Supplemental Nutrition Assistance Program (SNAP), child care subsidy programs administered by the Department of Children, Youth, and Families (DCYF), and classic medical assistance programs require verification of earned income. The TALX service is the only known data source capable of processing the volume of instant online wage verifications necessary to expeditiously and accurately process the volume of public assistance applications and re-certifications received by DSHS. Without access to TALX, households may experience a delay in benefit approval, staff could spend more time verifying employment, and benefit authorization accuracy may suffer.

Many other states utilize TALX, including: California, Oregon, and Ohio, which all had cost increases. Costs for the TALX service are based on "billable hits" where the system finds a matching employment record for a query sent by a state employee. Agencies using TALX must forecast the number of billable hits they expect to use during a contract period, and the contract cost is based on the billable hits the agency expects to incur. If an agency exceeds their allotment of billable hits, they incur a surcharge for each hit over this amount.

Equifax is continually enrolling more employers into TALX, as such, it is expected that even with staff eliminating unnecessary use of TALX or a static amount of submittals, billable hits would increase year over year. CSD billable hits will continue to grow as more customers on food assistance continue to find employment as the economy recovers from the COVID-19 crisis. With changes to the TALX interface and increasing costs for the service each year, CSD determined it would be beneficial to create standard procedures for using TALX, and developed an online mandatory training that includes these procedures and a desk aid.



** The sharp decline starting in March, 2020, can be attributed to the temporary effect of the COVID-19 crisis and is not considered a long-term trend.*

The chart depicts the increase in usage of TALX between 2016 and 2020 (including HCA). Due to concerns over the increase in costs, ESA began asking staff to monitor their usage of TALX. In May 2019 all CSD staff were required to take TALX training. This training explained how to utilize TALX for eligibility determination and created a desk aid. The desk aid is monitored for accuracy and changing needs, and all new staff are directed to the TALX training and desk aid. As TALX has increased the number of employers listing their payroll information with Equifax, ESA has, in the past, been able to manage the expenses and stay within contracted billable hits.

However, despite CSD’s efforts to alleviate the increased costs, these costs are trending up at an estimated rate of 14 percent per year. In recent years, ESA has already streamlined the use of the TALX service, but increased employment verifications, the increased number of employers participating with TALX, and an increase in the TALX cost per search will result in continued upward pressure on costs that are beyond ESA’s control.

PROPOSED SOLUTION:

ESA proposes \$3,264,000 (\$2,384,000 GF-State) to cover the increasing cost of TALX income verification service.

EXPECTED RESULTS:

In FY21, ESA projects TALX will provide an average of 522,195 employment verifications per year. DSHS extensively researched competing verification companies, and found they are not able to provide comparable services in real-time within the cost structure offered by TALX.

Funding this request will enable ESA to continue to access real-time online wage verification. This will allow agencies to continue processing the volume of public assistance applications and re-certifications.

If this request is not funded, ESA would be required to fund the contract through other reductions, most likely in staffing, which would have a negative impact on ESA's ability to maintain current levels of service.

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Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

If this proposal is an expansion or alteration of a current program or service, provide detailed historical financial information for the prior two biennia (2017-19 and 2021-23).

- 2016: \$1,179,839
- 2017: \$1,424,900
- 2018: \$1,859,939
- 2019: \$2,694,179
- 2020: \$3,074,718
- 2021: \$2,881,596

See attached: 060 – PL – FK – TALX Wage Verification.xlsx

Detailed Assumptions and Calculations:

See attached: 060 – PL – FK – TALX Wage Verification.xlsx

Workforce Assumptions:

Not Applicable

How is your proposal impacting equity in the state?

Use of TALX helps ensure that recipients of public assistance receive expeditious and accurate benefits.

Strategic and Performance Outcomes

Strategic Framework:

ESA Strategic Plan 1.1 - Transform case management by redesigning effective, standardized case management practices and the social service delivery model.

Governor's Result Washington Goals:

Goal 4: Healthy & Safe Communities - Support People - Help the most vulnerable people become independent and self-sufficient.

Using TALX data enables CSD to provide accurate and timely cash and food benefits to low-income individuals and families, which supports the Governor's key goals of healthy, safe communities, and efficient, effective government.

Performance Measures	Incremental Changes 2022	Incremental Changes 2023	Incremental Changes 2024	Incremental Changes 2025
000555 - Food Stamp Accuracy Rate	0%	0%	0%	0%

Performance Outcomes:

In FY21, ESA requires all agencies that use TALX to have a Memorandum of Understanding (MOU) to ensure costs per agency are monitored.

Approval of requested funds will allow ESA to maintain current service levels by continuing to verify employment through the use of TALX. ESA does not expect incremental change to accuracy as most errors are worker- or client-caused, such as calculation errors by staff and clients not reporting new jobs. TALX services help reduce potential errors at interviews and mid-certification by noting employment and providing accurate information of wages.

By reauthorizing TALX, ESA (and DCYF) will be better able to manage errors in employment verification provided by customers when determining eligibility for our programs. Many employers will no longer accept telephone calls from DSHS staff seeking employment verification. Likewise, many will not complete employment verification forms. Instead, these employers refer DSHS and DCYF to TALX. Even when employers are willing to fill out documents and/or verify employment over the telephone, online verification is less time consuming for all parties. It is also more accurate, providing additional client information such as wage history, part-time or full-time status, and average hours worked per pay period.

Other Collateral Connections

State Workforce Impacts:

None

Intergovernmental:

ESA uses TALX to verify employment for jointly administered medical assistance programs between the HCA and ESA. Beginning in July 2019, DCYF started using ESA's TALX account to verify child care eligibility and reimburses the administration accordingly. As of July, 2020, HCA no longer uses TALX but ESA still manages most of the Medicaid medical programs for HCA.

State Facilities Impacts:

None

Changes from Current Law:

None

Puget Sound Recovery:

Not Applicable

Legal or Administrative Mandates:

None

Stakeholder Response:

DSHS expects stakeholders will support maintaining the current level of expeditious and accurate service delivery.

Reference Documents

[060 - PL - FK - TALX Wage Verification.xlsx](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
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Obj. E	\$1,429	\$1,835	\$3,264	\$2,297	\$2,824	\$5,121

Agency Contact Information

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