



## Social Worker Fee Cost Drivers

The Department of Health works to protect and improve the health of all people in Washington state. We accomplish this work, in part, through regulation of health care providers and facilities, including social workers and associates ([chapter 18.130 rcw](#)).

State law, [RCW 43.70.250](#) (license fees for professions, occupations, and businesses), requires fees to fully fund the work of licensing and regulating health care professions. Considering the program's financial forecast, the department recommends a fee decrease to bring revenue into alignment with the cost of licensing and regulating social workers and associates.

The program ended fiscal year (FY) 2021 with a fund balance of \$1.3 million. The program is forecasted to generate enough revenue to cover current annual expenditures and build excess reserves through FY 2027. This document summarizes data on revenue, expenditures, fund reserve, cost drivers, financial forecast, and the proposed fees.

# Revenue

As of July 2021, the department regulates 8,221 active social workers in four credential categories in Washington state ([Chapter 18.320 RCW](#)). The credentials under this program include advanced social workers, advanced social worker associates, independent clinical social workers, and independent clinical social worker associates. The program receives an average of 1,033 new applicants per year and has a 91 percent renewal rate, resulting in a nine percent annual growth rate over the past four years.

Annual fees charged at initial application and renewal generate revenue for this program ([WAC 246-809-990](#)). The last fee change occurred in January 2016, decreasing the program’s fees according to the chart below:

Fees: Rate Change History			
License Type	Title of Fee	Effective 10/15/10	Effective 01/01/16
Social Worker: Advanced/ Independent Clinical	Application and Initial License	\$250	\$200
	License Renewal	\$126	\$100
	Late Renewal Penalty	\$63	\$50
Social Worker: Advanced Associate/ Independent Clinical Associate	Application and Initial License	\$50	\$35
	License Renewal	\$40	\$25
	Late Renewal Penalty	\$40	\$25

In the year after the FY 2016 fee decrease, revenue declined four percent from \$621,000 in FY 2016 to \$596,000 in FY 2017. However, due to continued license growth, the fee decrease failed to significantly lower revenue in subsequent years. In FY 2018, revenue grew to \$657,000, eventually reaching \$837,000 in FY 2021.

# Expenditures

Costs for the program are classified into four primary categories: operations (18 percent), licensing (32 percent), discipline (31 percent), and indirect costs (19 percent). The percentages reflect the distribution of these costs in FY 2021.

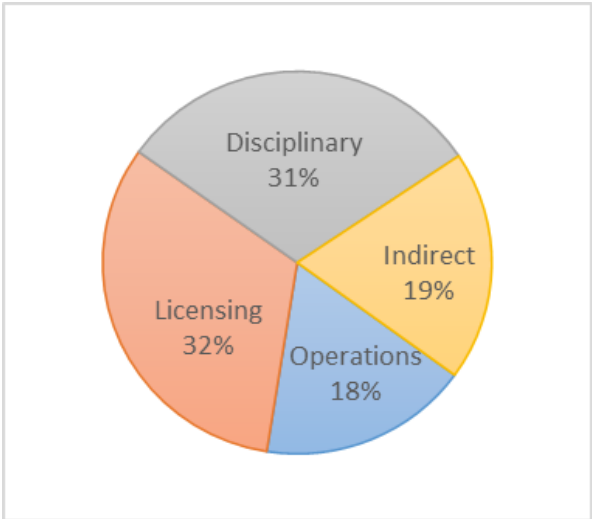
Operational costs account for 18 percent of total program spending and includes personnel to manage the program. This includes administrative oversight and program management, development and implementation of legislation and rules, communication and outreach, and relations with interested parties.

Licensing activities account for 32 percent of total program spending and include the following services: credentialing, renewals, call center; online licensing (OLIC); background checks and revenue processing.

Discipline costs (31 percent) include the following activities: legal services; legal compliance; complaint intake; investigations; discipline case management; adjudicative services; and attorney general costs. These costs are variable from year-to-year and are charged to the program based on number of credentials and usage rates for the various services.

Indirect costs (19 percent) are agency-wide, general management costs necessary for any program to exist and consist of administrative activities for the general operation of the agency. Examples of indirect costs include financial services, human resources, and information resource management. The indirect rate is a standardized method of charging individual programs for their share of indirect costs and is reviewed and approved annually by the U.S. Department of Health and Human Services.

The HELMS (Healthcare Enforcement and Licensing Management System) assessment is a temporary cost that is assessed against the fund balance of each healthcare profession and facility that will benefit from the new modernized electronic licensing system that is replacing the department's current system (ILRS). The assessment is charged annually for the duration of the project (FY 2021 through FY 2023).



# Expenditures

The table below shows expenditures for each of these cost categories over the past six years.

Program Spending by Category						
Fiscal Year	2016	2017	2018	2019	2020	2021
Operations	78,339	97,084	93,379	95,084	120,258	125,317
Licensing	156,229	169,675	175,183	167,142	207,348	231,384
Discipline	170,423	153,312	144,967	134,152	201,657	219,945
Indirect	98,614	107,489	106,750	98,721	136,434	138,968
<b>Subtotal</b>	<b>503,605</b>	<b>527,559</b>	<b>520,279</b>	<b>495,100</b>	<b>665,697</b>	<b>715,614</b>
HELMS Assessment					15,809	126,465
<b>Total</b>	<b>503,605</b>	<b>527,559</b>	<b>520,279</b>	<b>495,100</b>	<b>681,506</b>	<b>842,079</b>

## Cost Drivers

Prior to biennium (BI) 2019-21, the program's expenditures remained relatively consistent, ranging from \$495,000 in FY 2019 to \$528,000 in FY 2018.

Operating costs grew 26 percent in FY 2017 due to the program becoming fully staffed with a manager charging two additional staff FTES throughout the year. In subsequent years, the program maintained this higher level of billed FTES. In FY 2020 and FY 2021, the program increased costs due to the hiring of a full-time specialist dedicated to behavioral health professions. All behavioral health programs contribute to covering the work of this employee.

# Cost Drivers

Licensing costs grew an average of six percent from FY 2016 to FY 2018, with a slight drop in FY 2019, due to the onboarding of more professions utilizing the online licensing service unit. Costs continued to grow in BI 2019-21 at a rate slightly above the historical trend, primarily due to credentialing costs increasing 36 percent across the biennia. This is due to the growth experienced by the program in FY 2018 and FY 2019, which increased their percentage of credentialing costs in BI 2019-21 from 1.34 percent to 1.61 percent.

From FY 2016 to FY 2019, discipline costs decreased as activity diminished. In FY 2020 and FY 2021, the program received more cases and doubled the total investigative hours billed in 2019. Additionally, some cases required attorney general time, increasing these costs from \$9,500 in BI 2017-19 to \$30,500 in BI 2019-21.

## Fund Reserve

The Office of Financial Management requires agencies to maintain a reasonable working capital reserve in state accounts to cover fluctuations in cash flow. The cash reserve should be enough to protect against financial volatility as a result of significant disciplinary activity or unforeseen changes in license trends.

Due to the size of this program, expenditures are less prone to significant impacts resulting from enforcement costs and the occurrence of other unforeseen events. Based on these factors, the department recommends the program build a reserve of 25 percent, currently around \$211,000 or three months of annual expenditures.

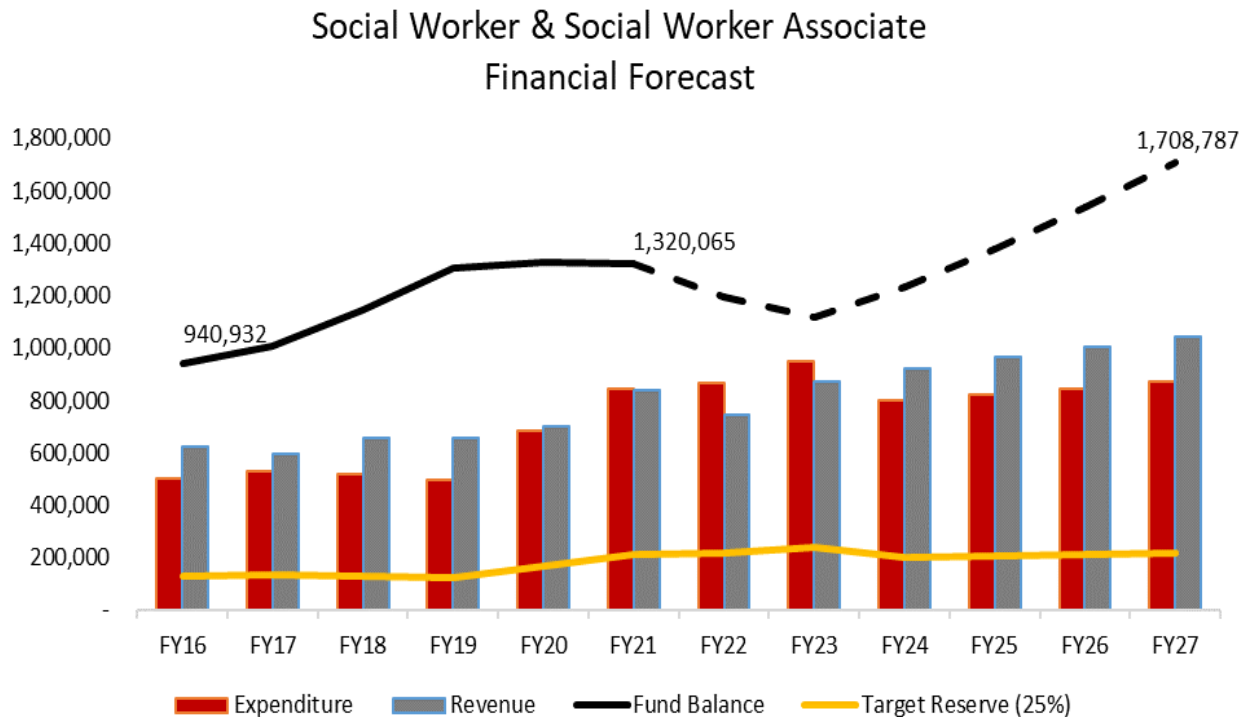
# Financial Forecast

The social worker program is currently operating at a surplus. The program ended FY 2021 with a fund balance of \$1,320,065.

The department anticipates new application rates to grow an additional 12 percent over the next two years and then reach a threshold and maintain the same level of licensees for the next four years. Renewals are expected to continue at the average renewal rate of 96 percent for advanced and independent licenses and 77 percent for associates.

Costs in FY 2022 and FY 23 are expected to rise by 14 percent as the department anticipates a return of pre-pandemic levels of disciplinary activity. Starting in FY 2024, the department anticipates costs for the program to increase by less than one percent each year primarily due to inflation in personnel related costs as well as general inflation of cost of goods.

The program is expected to fully cover its costs over the next six years and build a reserve in excess of departmental recommendations. The chart below shows actual revenue and expenditures from FY 2016 through FY 2021, and projected revenue and expenditures from FY 2022 through FY 2027.



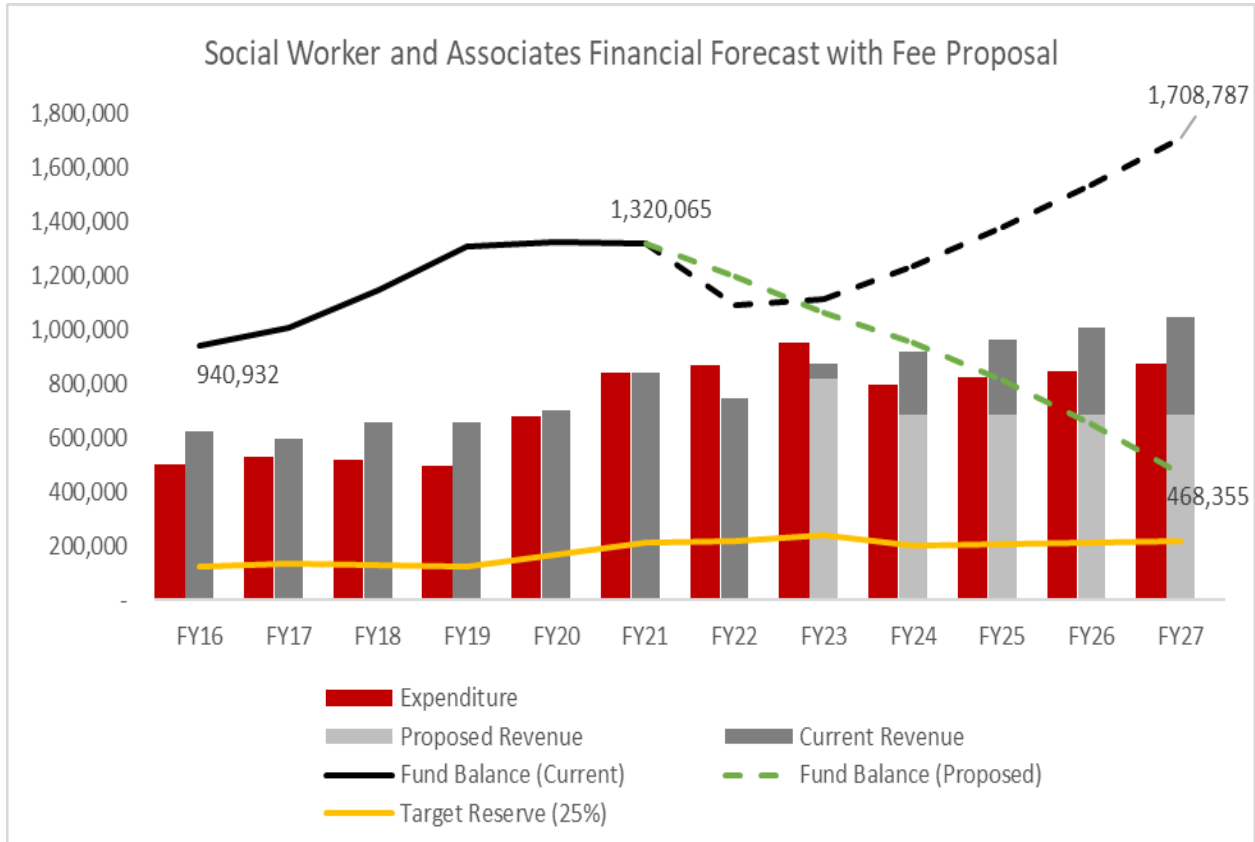
# Fee Proposal

To begin bringing the social worker fund balance into alignment with program requirements, the department proposes lowering application and renewal fees by \$30 for the advanced and independent clinical social worker licenses. No fee changes are proposed for the associate license. This change will be effective June 1, 2023. Under this proposal, fees will decrease, as shown in the table below.

Current and Proposed Fees			
Profession	Title of Fee	Current Fee	Proposed Fee
Social Worker– Advanced and Independent Clinical	Application and License	\$200	\$170
	License Renewal	\$100	\$70
	Late Renewal Penalty	\$50	No change
Social Worker– Associate	Application and License	\$35	No change
	License Renewal	\$25	No change
	Late Renewal Penalty	\$25	No change

# Fee Proposal

This proposal allows the department to begin decreasing the program’s excess fund balance at a sustainable rate. This fee proposal allows for a gradual fund balance reduction that enables the program to maintain a lower fee rate until approximately FY 2029.



The department will continue to monitor the financial health of the program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.

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