

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2731 HB 2731 P2SHB - H-5012.4	<b>Title:</b> At-risk children program
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## Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
<b>Total \$</b>						

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Superintendent of Public Instruction	.5	127,000	127,000	.8	109,810,000	109,810,000	.5	167,397,728	168,191,723
Department of Early Learning	.3	98,701	98,701	.5	(109,560,586)	(109,560,586)	3.5	(109,556,000)	(109,556,000)
<b>Total</b>	<b>0.8</b>	<b>\$225,701</b>	<b>\$225,701</b>	<b>1.3</b>	<b>\$249,414</b>	<b>\$249,414</b>	<b>4.0</b>	<b>\$57,841,728</b>	<b>\$58,635,723</b>

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

## Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Early Learning						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Superintendent of Public Instruction						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	2,542,000	14,434,000
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,542,000</b>	<b>\$14,434,000</b>

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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 26091

FNS029 Multi Agency rollup

<b>Prepared by:</b> Cherie Berthon, OFM	<b>Phone:</b> 360-902-0659	<b>Date Published:</b> Preliminary
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 26091

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2731 HB 2731 P2SHB - H-5012.4	<b>Title:</b> At-risk children program	<b>Agency:</b> 350-Supt of Public Instruction
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## Part I: Estimates



No Fiscal Impact

### Estimated Cash Receipts to:

<b>ACCOUNT</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	<b>FY 2010</b>	<b>FY 2011</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>
FTE Staff Years	0.0	1.0	0.5	0.8	0.5
<b>Account</b>					
General Fund-State 001-1	0	127,000	127,000	109,810,000	167,397,728
Local District Impact-Private/Local New-7	0	0	0	0	793,995
<b>Total \$</b>	0	127,000	127,000	109,810,000	168,191,723

### Estimated Capital Budget Impact:

	<b>2009-11</b>		<b>2011-13</b>		<b>2013-15</b>	
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	2,542,000	14,434,000
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,542,000</b>	<b>\$14,434,000</b>

*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:	Wendy Polzin	Phone: 360-786-7137	Date: 02/03/2010
Agency Preparation:	Isabel Munoz-Colon	Phone: 3607256019	Date: 02/08/2010
Agency Approval:	Isabel Munoz-Colon	Phone: 3607256019	Date: 02/08/2010
OFM Review:	Amy Skei	Phone: 360-902-0572	Date: 02/08/2010

Request # P2SHB 2731-2

## 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.*

#### Section 3: Program Standards

(1) Beginning in September 1, 2011, this bill establishes a voluntary early learning program within the state's definition of basic education. (See also Section 8). This new program would serve at-risk children who are three and four years of age. In addition, provides opportunity for children that do not meet eligibility requirements to participate through a fee plan.

(2) Phase one of the early learning basic education program would utilize the program standards and eligibility criteria in the Early Childhood Education and Assistance Program (ECEAP) (RCW 43.215.410 and 43.215.415).

(4): Requires the Superintendent and the Director of the DEL to adopt rules for the new early learning program. Rules must include:

- \* a process for conducting individual eligibility evaluations;
- \* minimum program standards;
- \* approval of program providers
- \* accountability and performance standards
- \* a method to allow children not otherwise eligible to participate based on an assessed fee.

OSPI assumes a portion of a program supervisor staff time would be need to coordinate with DEL and assist with the stakeholders workgroup to develop rules in time to meet the 2013-2014 school year deadline for implementation of phase two.

#### Section 4: Eligibility

(1b) Establishes standards for eligibility in phase one based on current ECEAP criteria in RCW 43.215.405 (3). Under ECEAP children are eligible if they are under 110% of the FPL. Children above 110% can also participate if there is space and they are deemed at-risk but they can only make up 10% of the total enrollment of eligible children.

(1c) In second phase, eligibility is based on a child being 110% of FPL and one other risk factor or deemed eligible based on an individual evaluation.

(1d -i) Requires school districts in collaboration with early learning providers to conduct evaluations of children to determine eligibility for the program. (also see Section 6(2)).

(1d- ii) If a three year old child deemed eligible using the evaluation, may remain in program for a second year as a four year old.

(2-3) Requires the Superintendent and the Director of DEL to develop recommendations for legislative approval

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regarding the new early learning program no later than November 15, 2010. SPI staff assume that the program supervisor will work in partnership with DEL and the stakeholder work group to develop indicators, benchmarks, and an evaluation process for use in eligibility screening as required by this section

#### Section 5: Funding & Statewide Implementation

(1) Funding for the early learning program is appropriated to the superintendent. It is assumed that DEL is the contracting agency that determines what providers are approved for reimbursement of services. DEL and OSPI will establish a memorandum of agreement that identifies the process for releasing funds to the school districts or community-based providers. Funding that is apportioned to the school district will go through the current OSPI apportionment system. Funding that is apportioned to community-based providers will need to go through the fiscal office.

(2) The program will be phased-in and fully implemented in the 2017-18 school year.

(3) Program implementation will start in the 2011-12 school year with the funds that would otherwise have been appropriated for the ECEAP program

(4) Second phase adds additional funding to the program starting in the 2013-14SY beginning with school districts having the highest poverty levels as defined by the percent of Free and reduced-price lunch enrolled students from the prior school year. It is assumed that eligibility through the evaluation process starts in the 2013-14SY.

(5) Full statewide implementation of the early learning program will be achieved the 2017-18SY.

(6) Requires school districts to provide a program of early learning if there is not an approved community-based provider delivering services in the district. (See also Section 6(2)).

#### Section 6: Local School District Responsibilities

(1a) Requires school districts to work with program providers to coordinate transition between preschool and kindergarten.

(1b) Requires school districts in collaboration with providers to conduct individualized evaluations that determine program eligibility (see also Section 4(2)). SPI staff assumes that local districts and community-based providers will need staff to perform the evaluation on each student applying to participate in the program.

(2) Requires school districts to deliver the program to eligible children if an approved provider is not available. (See also Section 5 (6)) SPI staff assume that school districts and community based providers will need assistance with startup cost to implement new program. In addition, there are capital costs for school districts with no capacity in their instructional facilities to add additional classrooms.

#### Section 7: Adoption of Rules

(1) Requires SPI and the Director of DEL to adopt rules to implement the program of early learning. Rules should address individualized evaluations, minimum program standards, program approval process, and performance standards. SPI staff assume a portion of a program supervisor FTE to develop rules in collaboration with DEL.

#### Section 8: Basic Education Act

(2e) Establishes a program of early learning for educationally at-risk children as part of the definition of Basic Education. (see also Section 3 (1))

#### Section 10: Report and Recommendations

(1) Requires SPI and the Director of DEL to develop recommendations, including proposed legislation, to implement the program of early learning statewide. The report shall include program standards for curriculum, service standards for family support and services, plan for technical assistance, phase-in plan aligned with full day kindergarten, and an analysis of transportation services as program is phased-in over time. Report is due to the legislature January 1, 2011.

(2) Requires the Superintendent, the Director of Early Learning, the Office of Financial Management to develop a recommendation for a budgeting and funding allocation method for the program based on enrolled eligible students and report to the legislature by November 15, 2010.

#### **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.*

None.

#### **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.*

OSPI Impact:

#### Section 3(4), Section 7, & Section 10(1) – Rules, Reports, & Recommendations

These sections require OSPI to coordinate with DEL and work with the stakeholder workgroup to draft rules, write detailed program standards, draft joint reports, conduct outreach, provide technical assistance and develop the interagency memorandum of agreement. A .5 program supervisor FTE is assumed at a total cost of \$59,000 for FY 11. (\$32,387 salary; \$15,613 benefits; \$3,000 Goods & Services; \$3,000 Travel; and \$5,000 Equipment). During FY11, this .5 program supervisor will work with DEL on developing recommended standards for curriculum, service standards for families, providing technical assistance, and analyze transportation needs.

It is assumed that in FY12, after the Legislature has reviewed and approved program standards, this program supervisor will continue to work with DEL on the development and adoption of rules for the new program. Rules will need to be in

place in time by March 2012 to provide time for providers such as school districts to prepare for the second stage of implementation starting in the 2012-13SY. The total cost for FY12 is \$54,000. (\$32,387 salary; \$15,613 benefits; \$3,000 Goods & Services; and \$3,000 Travel)

#### Section 5– 10(2): Budget & Funding Allocation Method & Process

Funding for the early learning program is appropriated to the Superintendent. It is assumed that DEL is the contracting agency and determines what providers are approved for reimbursement of services. DEL and OSPI will establish a memorandum of agreement (MOA) that identifies the process and develop rules for releasing funds to the school districts or community based providers. Funding that is apportioned to the school district will go through the current OSPI apportionment system. Funding that is apportioned to community based providers will need to go through the fiscal office.

It is also assumed that OSPI will assist DEL and OFM in the development of the budgeting and funding allocation method for the program due to the Legislature by November 15, 2010.

OSPI will need a .5 Budget/Fiscal Analyst starting in FY 11 to work with DEL, OFM on the development of a new funding allocation method, assist in the drafting of the MOA, and the development of apportionment rules at a total cost of \$68,000. (\$38,483 salary; \$18,518 benefits; \$3,000 Goods & Services; \$3,000 Travel; and \$5,000 equipment). This Budget/Fiscal analyst will then work with the apportionment office and the fiscal office to apportion funds to both school districts and community based providers. These ongoing FTE costs starting in FY 12 will be \$63,000. (\$38,483 salary; \$18,518 benefits; \$3,000 Goods & Services; and \$3,000 Travel)

Under Section 3(5), DEL has administrative authority over the new program for early learning. OSPI staff assume that the following administrative portion of the ECEAP allocation would be transferred to DEL through an interagency transfer:

FY 12: \$1,167,789

FY 13: \$1,167,789

FY 14: \$1,302,205

FY 15: \$2,044,501

Early Learning Program Allocation:

Section 3 (1-3), Section 5 & Section 8: Program Standards & Basic Education Act

Following assumptions based on both DEL and OSPI analysis of the proposed bill.

SEE SHB 2731 COST TABLE ATTACHED TO FISCAL NOTE

First Phase (2011-12SY- 2012-13SY): The current ECEAP program standards and eligibility criteria would be used for the new early learning basic education program.



Number of slots for ECEAP eligible children:

OSPI assumes that the number of slots for ECEAP eligible students remains at the level currently funded by the state (8053 slots). Total funding for FY 12 and 13 is \$53,647,211.

Second Phase (2013-14SY through 2017-18SY): Children Eligible through Evaluation

(1) Eligibility for children under 110 percent FPL and one other risk factor

The number and costs of slots is based on:

Two percent (2%) population growth per year starting with 7691 slots (starting ECEAP slots in FY12 & FY13)

Of the total children in ECEAP (at or below 110% FPL) in FY 09 , fifty-six percent them also had one of the following characteristics (potential risk factors):

- \*Mom has no GED or high school diploma
- \*English language learners
- \*No medical coverage
- \*Homeless
- \*Foster care
- \*Individualized education program (IEP)
- \*ECEAP level of service (\$6,662 per slot)

FY14 (4,481 children) = \$30.0 million

FY15 (4,571 children) = \$30.4 million

FY16 (4,662 children) = \$31.0 million

FY17 (4,755 children) = \$31.7 million

FY18 (4,850 children) = \$32.3 million (Fully phased-in)

(2) Eligibility through evaluation assumptions for children above 110 percent FPL:

The number and cost of slots is based on:

- \* Total number of children over 110 percent FPL (139,449) based on ACS 2008 data.
- \* The number of children who may be eligible based on an evaluation is at 20%. Estimated based on the percent of non FRLP 3rd graders not meeting standard on the Reading (18%) or Math (22%) WASL in 2008.
- \* Two percent (2%) population growth per year.
- \* A five year phase in starting in the 2013-14SY.
- \* Participation rates for 3-year-olds and 4-year-olds of 71% each year
- \* It is assumed that the program would be based on a combination of current ECEAP services (\$6,662) and an “education-only” level (\$5,323) of ECEAP services. This assumption is based the following language indicating support services would be provided as family need is determined.
- \*50% would get the ECEAP rate level of services (\$6,662 per slot) and 50 % would get the “education-only” level of ECEAP services (estimated @ \$5,323 per slot)

FY14 (4,460 children) = \$26.7 million  
 FY15 (9,098 children) = \$54.5 million  
 FY16 (13,921 children) = \$83.4 million  
 FY17 (18,932 children) = \$133.4 million  
 FY18 (24,138 children) = \$144.6 million (Fully phased-in)

#### One-time Startup Costs

We assume that 40 percent of classrooms would be new, and that it would cost an average of \$15,000 per classroom to initially outfit each room based on estimates during the 2007 ECEAP expansion. The actual one-time expenditures for this would vary based on what is already available at each local site, and can include:

- Furniture, such as tables, chairs, shelving, storage cabinets
- Hand-washing sinks and toilets
- Playground equipment, such as climbers and protective surfacing
- Curricula, assessment toolkits, and professional manuals
- Materials, such as books, puzzles, blocks, art supplies, math and science materials, tableware
- Food preparation equipment, such as refrigerators or microwaves
- Computers, for child use or for staff communication and recordkeeping
- Vans, buses, or adaptation of buses for safe transportation of young children

#### Pupil Transportation

In addition to the per-student allocation, three and four year olds eligible under Basic Education also may generate a per pupil transportation allocation to be disbursed to the school district or community-based provider. OSPI staff assume that since ECEAP student currently have their transportation needs met, no transportation costs are incurred in the first phase of implementing the early learning program. Therefore, the phase-in of transportation costs begin in the 2013-14SY the program is expanded starting with the highest poverty districts. We assume that about 50% of these students will need transportation. The total estimated costs of pupil transportation are as follows:

Fiscal Year	# Students	Estimated Cost
FY12	0	\$0
FY13	0	\$0
FY14	444	\$81,549
FY15	2,802	\$536,131
FY16	5,265	\$1,115,788
FY17	7,817	\$1,741,348
FY18	10,468	\$2,414,605

#### Local District & Community-Based Provider Impact

#### Section 8: Local School District Responsibilities

## Evaluations

Section 8(1) requires school districts in collaboration with providers to conduct individualized evaluations that determine program eligibility (see also Section 4(2)). SPI staff assume that it will take two hours time to administer, review and record each evaluation. It is also assumed that students would have to be reevaluated to determine eligibility each year.

This estimate is based on the projected 2010-11 hourly rate for a teacher of \$48.74 (projected salary & benefits \$70,578 divided by 181 contract days and an 8 hour work day). The average hourly costs for ECEAP lead teachers is \$18.73 according to a 2006 salary survey. Currently, about 58% of ECAP sites are in public schools. Therefore, we estimate that 50% of the child evaluations are conducted by district teachers and 50% will be done by community based providers. Phase-in costs are as follows:

Fiscal Year	#students	Estimated Cost
FY12	0	\$0
FY13	0	\$0
FY14	4,460	\$300,916
FY15	7,308	\$493,029
FY16	10,268	\$692,807
FY17	13,344	\$900,328
FY18	16,539	\$1,115,875

This does not take into account the number of students evaluated and not deemed eligible for the program.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		1.0	0.5	0.8	0.5
A-Salaries and Wages		70,870	70,870	109,353	76,966
B-Employee Benefits		34,130	34,130	52,647	37,034
C-Personal Service Contracts					
E-Goods and Services		6,000	6,000	9,000	6,000
G-Travel		6,000	6,000	9,000	6,000
J-Capital Outlays		10,000	10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				107,294,422	163,925,022
P-Debt Service					
S-Interagency Reimbursements				2,335,578	3,346,706
T-Intra-Agency Reimbursements					
9-NEW - Local District Impact					793,995
<b>Total:</b>	\$0	\$127,000	\$127,000	\$109,810,000	\$168,191,723

**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 2010	FY 2011	2009-11	2011-13	2013-15
Budget/Fiscal Analyst	76,965		0.5	0.3	0.5	0.5
Program Supervisor	46,977		0.5	0.3	0.3	
<b>Total FTE's</b>	123,942		1.0	0.5	0.8	0.5

**Part IV: Capital Budget Impact**

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2010	FY 2011	2009-11	2011-13	2013-15
Acquisition					
Construction					16,976,000
Other					
<b>Total \$</b>					16,976,000

Local District Impact

In addition to startup costs, there are capital costs for school district with no capacity in their instructional facilities to add additional classrooms. SPI staff assume that 60% of the students can be absorbed in the current facility space between school districts and community based providers. The other 40 percent will need to be added classroom facility space. Of those 40%, 58% of the total number of needed classroom space will be in school building. (About 58% of current ECEAP sites are in school buildings) The cost for a new classroom space is as follow:

Fiscal Year	# of New Classrooms	Estimated Costs
FY12	0	\$0
FY13	0	\$0
FY14	18	\$2,542,000
FY15	95	\$14,434,000
FY16	98	\$15,436,000
FY17	102	\$16,484,000
FY18	106	\$17,871,000

Any costs for community based provider is indeterminate.

**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.

SPI and the Director of DEL are required to create new rules that will govern the program of early learning for at-risk children.

**P2SHB 2731 - Early Learning Program for At-risk Children**  
**Estimated Cost**

Fiscal Year	Total # of BEA Eligible 3&4s (based on income less than 110% (+ 1 risk factor)FPL & Evaluation)	Costs for 3&4s in BEA Allocation (portion at \$6,662 per child & portion at \$5,323 per child)	60% of Program provided in existing facilities (class size 20)	40% of new classrooms	Startup Costs (\$15,000 each)	Pupil Transportation Costs	Costs for Eligibility Evaluations for above 110% FPL	Capital Costs	TOTAL
12	8,053	\$53,647,211	0	0	\$0	\$0	\$0	\$ -	\$53,647,211
13	8,053	\$53,647,211	0	0	\$0	\$0	\$0	\$ -	\$53,647,211
14	8,941	\$56,578,708	27	18	\$266,400	\$81,549	\$300,916	\$ 2,542,000	\$59,769,574
15	13,669	\$84,971,358	142	95	\$1,418,400	\$536,131	\$493,079	\$14,434,000	\$101,852,968
16	18,583	\$114,477,083	147	98	\$1,474,200	\$1,115,788	\$692,807	\$15,436,000	\$133,195,878
17	23,687	\$145,129,047	153	102	\$1,531,200	\$1,741,348	\$900,328	\$16,484,000	\$165,785,924
18	28,989	\$176,961,300	159	106	\$1,590,600	\$2,414,605	\$1,115,872	\$17,871,000	\$199,953,377

Note: Does not include DEL or OSPI administrative costs for contracting with providers or allocating program funds. Also does not include costs for developing recommendations for the Legislature and creating rules for the early learning program.

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2731 HB 2731 P2SHB - H-5012.4	<b>Title:</b> At-risk children program	<b>Agency:</b> 357-Department of Early Learning
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>ACCOUNT</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	<b>FY 2010</b>	<b>FY 2011</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>
FTE Staff Years	0.0	0.5	0.3	0.5	3.5
<b>Account</b>					
General Fund-State 001-1	0	98,701	98,701	(109,560,586)	(109,556,000)
<b>Total \$</b>	0	98,701	98,701	(109,560,586)	(109,556,000)

### Estimated Capital Budget Impact:

	<b>2009-11</b>		<b>2011-13</b>		<b>2013-15</b>	
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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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Agency Preparation: John Rich	Phone: 360 725-4513	Date: 02/08/2010
Agency Approval: John Rich	Phone: 360 725-4513	Date: 02/08/2010
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/08/2010

Request # 10-018-3

## 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.*

#### SECTION 3:

(1) A voluntary early learning program is established, beginning September 1, 2011 within the state's basic education program to provide preschool for 3 and 4 year old children who are educationally at risk. The new program must be a comprehensive program providing early childhood education and family support, options for parental involvement and health information, screening, and referral services, as family need is determined. When space is available, children not otherwise eligible may participate based on a fee payment.

(2) Phase one of the early learning basic education program would utilize the program standards and eligibility criteria in the Early Childhood Education and Assistance Program (ECEAP) (RCW 43.215.410 and 43.215.415).

(3) Subsequent phases will be based upon criteria adopted by the legislature with recommendations from the Office of Superintendent of Public Instruction (OSPI) and the Department of Early Learning (DEL).

(4) DEL and OSPI shall develop and adopt rules for the process of conducting the individual eligibility evaluation; program standards; provider approval criteria; a method for enrolling children not otherwise eligible by assessing fees; and accountability processes for program standards.

(5) DEL has administrative responsibility for:

(a) Approving and contracting with providers.

(b) In partnership with school districts, monitor program quality and assure the program is responsive to the needs of eligible children.

(c) Assuring the providers work cooperatively with school districts to coordinate the transition from preschool to kindergarten.

(d) Provide technical assistance to contracted providers.

#### SECTION 4:

(2) OSPI and DEL shall jointly develop recommendations regarding additional risk factors, an evaluation process for use in individual eligibility determinations (must align with early learning benchmarks and kindergarten assessment), and a schedule for implementing the individual evaluation process.

(3) A report is due the legislature by November 15, 2010.

SECTION 5 (1) Funding for the program of early learning will be appropriated to OSPI.

(2) The program will be phased-in and fully implemented in the 2017-18 school year.

(3) Program implementation will start in the 2011-12 school year with the funds that would otherwise have been appropriated for the ECEAP.

(4) Additional funding must be phased in the school districts having the highest poverty levels starting in 2013-14 school year.

(5) The additional funding must be phased in by the 2017-18 school year.

(6) School districts and approved community-based early learning providers may contract with DEL to provide services under the program. DEL shall collaborate with school districts, community-based providers, and educational service districts to promote an adequate supply of approved providers.

SECTION 6 (1) (c) school districts may contract with DEL to deliver services under the program.

(2) School districts will have to provide services, if no other provider is available.

SECTION 7 OSPI and DEL must jointly adopt rules for conducting individual evaluations to determine program eligibility; minimum program standards, including staff requirements, approval of program providers, and accountability and adherence to performance standards.

(2) DEL shall have administrative responsibility for:

(a) Approving and contracting with providers.

(b) Partnership with school districts, monitoring program quality and assuring the program is responsive to the needs of eligible children.

(c) Providing technical assistance to contracted providers

SECTION 9(2)(i) DEL and OSPI must jointly develop and adopt rules for administration of the early learning program.

## SECTION 10

(1) OSPI and DEL shall develop recommendations to achieve statewide implementation of the early learning program and report to the legislature by January 1, 2011. The report must include:

(a) Program standards

(b) Service standards for family support and health-related services.

(c) A plan for providing technical assistance to support providers in ECEAP and Head Start to becoming approved providers of the program.

(d) A strategy to optimize phased implementation of the program.

(e) The need for transportation services for the program, based on the ECEAP method.

(2) OSPI, OFM and DEL must recommend a budgeting and funding allocation method for the program based on enrolled eligible students.

A report is required to be submitted to the legislature by November 15, 2010.

Assumptions:

- Section 3(4): DEL will take the lead on the rulemaking process. The development of the rules will require intensive stakeholder involvement. In order to follow Administrative Procedures Act requirements, choose providers, and allow



time for providers to plan and staff new local programs by September 2013, the rules will be developed by a workgroup from July 2011-June 2012. DEL will include 1 FTE to jointly partner with and convene this workgroup with OSPI for 12 months.

- Section 4(2): In order to develop and submit recommendations to the legislature by November 2010 as well as the recommendations required in section 11 by January 2011, DEL and OSPI will jointly convene a workgroup of stakeholders from July 2010-December 2010. DEL will include .5 FTE to jointly partner with and convene this workgroup with OSPI and to continue research and planning between January and June 2010.

-Section 5(1): It is assumed that DEL is the contracting agency that determines what providers are approved for reimbursement of services. DEL and OSPI will establish a memorandum of agreement that identifies the process for releasing funds to the school districts or community-based providers. Funding that is apportioned to the school district will go through the current OSPI apportionment system. Funding that is apportioned to community-based providers will go through the OSPI fiscal office.

- Section 5(5): A five-year phase-in of children, with incomes above 110 percent FPL, individually evaluated to be eligible is assumed after phase one (FY 2012-13) .

- Section 5(6): - DEL will estimate the additional FTEs required to administer an increased number of providers and slots based on the FTEs currently required for the ECEAP program. Additional training and initial costs will also be estimated to support new providers for the beginning years of the new program.

-Sections 7(1) & 9(2)(i): The rules will be developed and adopted within the framework outlined in section 3(4).

-Section 10(1): The recommendations will be developed within the framework outlined in section 4(2).

## **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.*

None

## **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.*

## **SECTION 3**

FTE, Salary and Benefits:

FY 12: 1 FTE Commerce Specialist 3 (CS3), costing \$82,414 in salaries and benefits, to convene and staff a stakeholder workgroup to develop rules related to child evaluation, program standards, approval of providers, accountability and fee scales; conduct related research; and write the required report.

Goods and Services: \$13,000 for standard goods and services. Standard goods and services, calculated at the rate of \$13,000 per FTE per fiscal year, include necessary supplies and materials, space and utilities, communications, routine printing and reproduction, routine attorney general services, employee development and training, and mandatory state charges for Department of Personnel and Department of General Administration services.

FY 12: Personal Service Contracts: \$100,000 for facilitation and expert consultation for the program of early learning, to conduct research on best practices related to child evaluations and program standards and to support rules drafting.

#### SECTION 4:

FTE, Salary and Benefits:

FY11: .5 FTE Commerce Specialist 3 (CS3), costing \$41,207 in salaries and benefits, to convene and staff a stakeholder workgroup to determine risk factors and program eligibility, conduct research, and write the required report.

Personal Service Contracts:

FY11: \$50,000 for facilitation and expert consultation to identify risk factors that correlate with an increased probability of poor educational outcomes and conduct research on best practices regarding child eligibility.

Goods and Services (G&S):

FY11: \$6,500 for standard goods and services.

Travel:

FY11: \$994 for the CS3 to attend out-of-town meetings with stakeholders.

Capital Outlay:

FY11: An \$8,200 one-time expenditure for office furniture and equipment for the CS3. This includes the .5 FTE in section 11.

#### SECTION 5:

8,053 children would be served in FY 2012 and FY 2013 through the new early learning program established within the definition of basic education.

A five-year phase-in (FY 2014-18) to serve eligible children evaluated as educationally at-risk. Both the DEL and OSPI fiscal notes are based on:

FY 2012: 8,053 slots  
FY 2013: 8,053 slots  
FY 2014: 8,941 slots  
FY 2015: 13,699 slots  
FY 2016: 18,583 slots

FY 2017: 23,687 slots

FY 2018: 28,989 slots

#### Data and Assumptions:

-- There were 168,583 children aged three and four years old in Washington based on American Community Survey 2008:

- Of those children, 29,134 were in families with an income < 110 percent FPL
- Of those children, 139,449 were in families with an income > 110 percent FPL

-- There is a 2 percent population growth estimated per year as of FY 2014.

--20 percent of the population from families above 110 percent FPL would qualify as educationally at risk through the eligibility evaluation. The 20 percent estimate was derived using the percentage of third graders not in the free and reduced price lunch program who did not pass the reading (18 percent) or math WASL (22 percent) in school year 2008-09.

-- Fifty-six percent of children in ECEAP (at or below 110% FPL) in FY 09 also had one of the following characteristics (potential risk factors):

- Mother has no GED or high school diploma
- English language learners
- No medical coverage
- Homeless
- Foster care
- Individualized education program (IEP)

--In FY 12 and FY 13, the number of slots are based on the current number of slots (8,053) in the ECEAP program which includes 7,691 children at or below 110 percent FPL and 362 above 110 percent FPL with developmental or environmental risk factors.

--The Head Start, Migrant/Seasonal Head Start and American Indian/Alaska Native Head Start will continue to enroll the same number of children as in 2009-10, which is 14,652. This number will be subtracted from the eligible families with an income at or below 110 percent FPL.

-- Beginning in FY 14:

- For the eligible children at or below 110 percent FPL with one risk factor and children above 110 percent FPL (based on individual evaluation), it is assumed that families of 57 percent of 3-year-olds and 85 percent of 4-year-olds will choose to enroll their child each year (the participation rate). These participation rates were used by Quality Education Council in their calculations.

-The children who will become eligible for the program based on the risk factors and individual evaluation to be created and implemented by FY 14 will be phased in over five years from FY 14-18. We assume enrollment of one-fifth (1/5) of

the eligible children whose families choose to participate in FY14, two-fifths (2/5) in FY15, three-fifths (3/5) in FY 16; four-fifths (4/5) in FY 17 and 100 percent in FY 18.

FTE, Salary and Benefits:

FY14: 1 FTE Commerce Specialist 3 costing \$82,137 in salary and benefits.

FY15: 5 FTE Commerce Specialist 3 costing \$492,823 in salary and benefits.

The Commerce Specialist 3 FTEs are to contract, monitor and provide training and technical assistance to program providers

Personal Service Contracts:

FY14-15: \$100,000 each year, to support training on assessment tools, evaluation, curricula, and implementation of program standards.

Goods and Services:

FY14: \$53,679 comprised of \$13,000 in standard goods and services and \$40,679 in other goods and services.

FY15: \$367,289 comprised of \$78,000 in standard goods and services and \$289,289 in other goods and services.

Other goods and services costs are calculated to reach the current ECEAP administrative rate per slot.

Travel: \$3,600 in FY14 and \$21,600 in FY15 for the Commerce Specialist 3 FTEs

Grants, Benefits and Client Services: - 53,647,211 each fiscal year from FY12-FY15

Inter-agency Reimbursements:

FY 12: -\$1,162,789

FY 13: -\$1,162,789

FY 14: -\$1,302,205

FY 15: -\$2,044,501

The inter-agency reimbursements to administer the program in FY 14 & FY 15 increase due to an increase in the number of slots.

Intra-agency Reimbursements: -\$63,000 each fiscal year from FY12-FY15

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.5	0.3	0.5	3.5
A-Salaries and Wages		32,370	32,370	64,740	453,180
B-Employee Benefits		8,837	8,837	17,674	121,780
C-Personal Service Contracts		50,000	50,000	100,000	200,000
E-Goods and Services		6,500	6,500	13,000	420,968
G-Travel		994	994		25,200
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				(107,294,422)	(107,294,422)
P-Debt Service					
S-Interagency Reimbursements				(2,335,578)	(3,356,706)
T-Intra-Agency Reimbursements				(126,000)	(126,000)
9-					
<b>Total:</b>	\$0	\$98,701	\$98,701	(\$109,560,586)	\$(109,556,000)

### 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 2010	FY 2011	2009-11	2011-13	2013-15
Commerce Specialist 3	64,740		0.5	0.3	0.5	3.5
<b>Total FTE's</b>	64,740		0.5	0.3	0.5	3.5

## Part IV: Capital Budget Impact

None

## 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.*

Sections 3 and 7 require DEL and OSPI to jointly develop and adopt rules. These costs are included in the FY 12 expenditures explained in Part IIC above.