

Individual State Agency Fiscal Note

Bill Number: 1525 2S HB	Title: Apprenticeships/child care	Agency: 307-Department of Children, Youth, and Families
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	2,000	2,000	4,000	4,000	4,000
Total \$	2,000	2,000	4,000	4,000	4,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.1	1.1	1.1	1.1
Account					
General Fund-State 001-1	1,648,000	2,909,000	4,557,000	3,026,000	3,026,000
General Fund-Federal 001-2	2,000	2,000	4,000	4,000	4,000
Total \$	1,650,000	2,911,000	4,561,000	3,030,000	3,030,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Comparison of 1525 SHB and 1525 2SHB

Section 1(5)(a)(i) is amended to add beginning July 1, 2023, an applicant is eligible for Working Connections Child Care (WCCC) as long as household income does not exceed 75 percent State Median Income (SMI).

Section 1(5)(a)(ii) is amended to add income limitations to 85 percent SMI beginning July 1, 2025.

Section 2 is added to void this bill if funding is not provided by June 30, 2023.

1525 SHB

Section 1(5)(a) amends RCW 43.216.136 to expand eligibility for WCCC to individuals enrolled in a state registered apprenticeship program under chapter 49.04 RCW, regardless of whether or not the individual otherwise meets eligibility requirements as long as the household income does not exceed 75 percent of the SMI at the time of application beginning July 1, 2023, and does not exceed 85 percent of SMI at the time of application beginning July 1, 2025.

Section 1(5)(b) states the Department of Children, Youth, and Families (DCYF) must adopt a copayment model for benefits granted under this subsection for families with household incomes between 60% and 85% of the state median income at application, which must align with any copayment identified or adopted under RCW 43.216.1368.

Section 2 is added to void this bill if funding is not provided by June 30, 2023.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Title IV-E, the federal reimbursement is 13 percent. The agency estimates eligible reimbursements of \$4,000.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The Department of Children, Youth and Families estimates \$4,561,000 (\$4,557,000 GF-S) and 1.1 Full Time Equivalent Staff (FTEs) in the 23-25 Biennium.

Section 1(5)

Total Costs are \$1,650,000 in fiscal year (FY) 24, \$2,911,000 in FY25 and 1.0 FTE – this will include any costs associated with the below and all costs in the model that include the standard FTE costs.

1.0 FTE:

-1.0 Public Benefit Specialist 3 (PBS3)

This section of the bill increases eligibility to children of individuals participating in a state registered apprenticeship, resulting in increased caseload for the WCCC eligibility staff.

DCYF assumes for every 200 cases 1 PBS3 will be required, for every 12 PBS3s, 1 PBS4 will be required, and for every 12 PBS3/4s, 1 PBS5 will be required. These positions will assist eligible families in the application and enrollment process for WCCC and provide training to other staff. The annual cost is estimated to be \$128,000 in FY24 and \$120,000 in FY25 and thereafter.

CLIENT SERVICES: \$1,614,000 in FY24 and \$2,988,000 in FY25 to increase eligibility to include participants in state registered apprenticeships.

Based on data from the Department of Labor and Industries (L&I), there were 6,571 new apprenticeships in calendar year 2021 and 6,971 in calendar year 2022. DCYF assumes an average of 6,771 new apprenticeships per year. DCYF further assumes 46.4% of families will have minor children, based on census data provided by the Office of Financial Management (OFM). Based on Child Care Subsidy application data for the 2022 calendar year, DCYF assumes a 60% approval rate and a 40% denial rate due to either missing verification, no approved activity, over income eligibility, or other reasons. Increasing eligibility for the 40% that are denied would lead to 188 newly eligible families. DCYF further assumes that two thirds, or 124, families are between 60% and 75% SMI, and one third, or 66 families are between 75% and 85% SMI.

DCYF assumes assigning a copayment of \$215 per family who are in the 60-75% State Median Income Bracket (SMI) based on RCW 43.216.1368. DCYF assumes a copayment of \$334 per family who are in the 75-85% income based on \$334 being 7% of the 2-person SMI effective April 2023. This leads to an average copay increase of \$274.50. The current average copay is \$65. This will lead to a per cap charge of \$1,875.83 effective FY 2024 and \$1,815.84 effective FY 2025; this is calculated as the current WCCC per cap minus the delta in copays (\$215 - \$65) starting FY 2024 and then (\$274.50 - \$65) starting FY 2026.

DCYF assumes a twelve month ramp up which will result in 54% of the new annual caseload achieved in FY24 and the full caseload achieved in FY25 of household families that are eligible and do not exceed the 75% SMI . The annual cost in FY 24 is \$1,507,000 (124 X \$1,875.83 X 12-month eligibility X 54% ramp up). The annual cost in FY25 is \$ 2,911,000 (124 cases X \$1,815.84 X 12-month eligibility).

PROFESSIONAL SERVICE CONTRACTS: A one-time expenditure in FY24 of \$15,000 to contract with the Department of Social and Health Services (DSHS) for updating Barcode.

DCYF assumes that it will take approximately 40 hours of DSHS IT Business Analyst Senior time and 160 hours of IT App Developer Senior time to update the Barcode system.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	1,648,000	2,909,000	4,557,000	3,026,000	3,026,000
001-2	General Fund	Federal	2,000	2,000	4,000	4,000	4,000
Total \$			1,650,000	2,911,000	4,561,000	3,030,000	3,030,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.1	1.1	1.1	1.1
A-Salaries and Wages	69,000	69,000	138,000	138,000	138,000
B-Employee Benefits	28,000	28,000	56,000	56,000	56,000
C-Professional Service Contracts	15,000		15,000		
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
G-Travel	3,000	3,000	6,000	6,000	6,000
J-Capital Outlays	8,000		8,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	1,507,000	2,791,000	4,298,000	2,790,000	2,790,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	18,000	18,000	36,000	36,000	36,000
9-					
Total \$	1,650,000	2,911,000	4,561,000	3,030,000	3,030,000

III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Public Benefits Specialist 3	61,628	1.1	1.1	1.1	1.1	1.1
Total FTEs		1.1	1.1	1.1	1.1	1.1

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Program Support (020)	18,000	18,000	36,000	36,000	36,000
Early Learning (030)	1,632,000	2,893,000	4,525,000	2,994,000	2,994,000
Total \$	1,650,000	2,911,000	4,561,000	3,030,000	3,030,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1(5) will require amendments to WAC 110-15-0004 Eligibility, WAC 110-15-0045 Approvable Activities, and WAC 110-14-0075 Income Eligibility and Copay Amounts.