

Individual State Agency Fiscal Note

Revised

Bill Number: 2124 HB	Title: Access to Child Care/Early Learning Programs	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		4,000	4,000	8,000	8,000
Total \$		4,000	4,000	8,000	8,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.6	0.8	1.6	1.6
Account					
General Fund-State 001-1	0	2,053,000	2,053,000	6,242,000	6,502,000
General Fund-Federal 001-2	0	4,000	4,000	8,000	8,000
Total \$	0	2,057,000	2,057,000	6,250,000	6,510,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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.

2124 HB expands approved activities for Working Connections Child Care (WCCC) eligibility.

Sec 1(6) amends RCW 43.216.136 to make an exception to the work requirement for WCCC when the family is participating in the Early Childhood Education Assistance Programs (ECEAP), Head Start, and Early Head Start programs starting July 1, 2024.

Sec 2(1)(b) amends RCW 43.216.1364 expanding income eligibility for employees of unlicensed ECEAP providers by extending their income eligibility to 85% SMI while waiving their copayment.

Section 3 (1) amends RCW 43.216.775 pertaining to inflationary adjustments in some early learning rates. Removes language about 2-year rate adjustments being subject to availability of funding from the introductory lead-in, moving it down into Sec 3 (2). Keeps rates paid under RCW 43.216.592 pertaining to dual-language rate enhancement in this section, ensuring the requirement that funding for inflation-based rate increases to the dual-language rate enhancement remain in place even with no available amounts appropriated for such a purpose.

Section 3 (2) adds language from Section 3 (1) pertaining to RCW 43.216.579 pertaining to infant incentives for child care subsidy, 43.216.585 pertaining to ECEAP, and 43.216.578 pertaining to Early ECEAP rates for Birth to 3, ensuring inflation-based rate increases are still tied to available funding.

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 for FY25 annually ongoing.

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 (DCYF) estimates the costs to be:

- \$2,057,000 (\$2,053,000 GF-S) and 1.6 FTE in FY25
- \$2,994,000 and 1.5 FTE for FY26
- \$3,256,000 and 1.6 FTE for FY27
- \$3,255,000 and 1.6 FTE annually ongoing

Sec 1(6)

DCYF assumes the cost to allow ECEAP and Head Start participation as an approved activity for WCCC will be:

- \$1,152,000 and 0.4 FTE in FY25
- \$2,112,000 and 0.4 FTE in FY26
- \$2,374,000 and 0.5 FTE in FY27
- \$2,373,000 and 0.5 FTE in FY28 annually ongoing

ECEAP programs include ECEAP, Early ECEAP and Tribal ECEAP. Head Start programs include Head Start, Early Head Start and Tribal Head Start.

--Staff costs

Total staff costs are \$51,000 for FY25.

0.4 – 0.5 FTE Public Benefits Specialist (PBS3) to assist eligible families in the application and enrollment process for WCCC and provide training to other staff.

0.4 FTE FY25 costs are \$51,000

0.4 FTE FY26 costs are \$48,000

0.5 FTE FY27 costs are \$61,000

0.5 FTE FY28 costs are \$60,000

--ECEAP as an approved activity

FY25

DCYF assumes a cost of \$403,000 in FY25.

DCYF will support 17,278 ECEAP slots in FY25. Five percent of children participating in ECEAP, or 864 cases, also participate in WCCC. Of the 864 cases, 130 cases are denied at reapplication. DCYF assumes that 23%, or 30 cases annually, would be extended to 12 months for children participating in ECEAP, based on data regarding denials. The anticipated FY25 annual cost for allowing ECEAP participation as an approved activity is \$746,100 (\$2,072.50 monthly per cap x 12 months x 30 cases). DCYF assumes the first year will have a 12-month rollup, which is 54% of the annual total, with a cost of \$402,894 in FY25.

FY26

DCYF assumes a cost of \$771,000 in FY26.

DCYF will support 17,778 ECEAP slots in FY26.

(17,778 ECEAP slots x 5% children in WCCC = 889 cases x 15% denied x 30% extended 12 months = 31 cases)

(31 cases x per cap \$2,072.50 x 12 months = \$770,970)

FY27

DCYF assumes a cost of \$1,020,000 in FY27.

DCYF will support 23,800 ECEAP slots in FY27.

(23,800 ECEAP slots x 5% children in WCCC = 1,190 cases x 15% denied x 30% extended 12 months = 41 cases)

(41 cases x per cap \$2,072.50 x 12 months = \$1,020,162)

--Head Start as an approved activity:

Based on the 2022 Head Start Program Information Report, 1,505 children participate in Head Start programs and Subsidy 15% of cases are denied at reapplication for 226 cases per year. DCYF assumes that 23% of those cases are denied for no approved activity. This is a total of 52 cases annually would be extended 12 months for participating in Head Start programs.

The anticipated annual cost for allowing Head Start participation is \$1,293,000 (\$2,072.50 monthly per cap x 12 months x 52 cases). DCYF assumes the first year will have a 12-month rollup, which is 54% of the annual total, with a cost of \$698,000 in FY25 and \$1,293,000 annually ongoing.

Sec 2 (1)(b)

This section adds eligibility for WCCC for ECEAP staff up to 85%.

DCYF assumes the cost to expand income eligibility for employees of unlicensed ECEAP providers to be \$905,000 and 1.2 FTE in FY25 and \$743,000 and 1.1 FTE in FY26 annually and ongoing.

--Staff costs

Total Staff costs are \$166,000 for FY25 and \$145,000 annually ongoing.

1.0 FTE – Management Analyst 3 (MA3) to verify eligibility roles for onsite staff.

0.2 FTE – Public Benefits Specialist 3 (PBS3) to assist eligible families in the application and enrollment process for WCCC and provide training to other staff.

--WCCC Costs

Assumptions

DCYF assumes 12.5% of the population with income between 60% and 85% SMI.

DCYF assumes 30% of the population with income below 60% SMI.

DCYF assumes 5% of the population with income between 75% and 85% SMI

DCYF assumes 35.75% of the population with income below 75% SMI

DCYF further assumes that 45% of households have minor children.

DCYF assumes an uptake of 40%.

DCYF assumes a ramp up of 54% in FY25.

DCYF assumes a monthly cost per family of \$2,137.50 (\$2072.50 for WCCC plus a \$65.00 average copay that is waived)

DCYF data shows there are 2099 staff assigned to 782 classrooms in 261 ECEAP sites that are not licensed childcare facilities.

FY25 is estimated to cost \$739,000.

Current income eligibility for WCCC is below 60% of the SMI.

DCYF assumes 47 additional families in fiscal year 2025 will be eligible for WCCC subsidies. (2099 total staff x 45% families with minor children x 12.5% in the expanded income range x 40% uptake) The annual cost of additional families will be \$1,205,550 (47 families x \$2,137.50 per family per month x 12 months per year). DCYF assumes a 12 month ramp up in year 1 for additional families to WCCC is an estimated cost in FY25 of \$650,997 (\$1,205,550 x 54%).

This also leads to 113 additional families below the 60% SMI will qualify to have copayments waived. (2099 total staff x 45% families with minor children x 30% below 60% SMI income range x 40% uptake). DCYF assumes estimated cost of \$88,140 to waive annual copayments for FY25. (113 families x \$65 copayment x 12 months)

FY26 and ongoing is estimated to cost \$598,000 annually.

Beginning July 1, 2025, income eligibility is below 75% of the SMI.

DCYF assumes 19 additional families in fiscal year 2026 and ongoing annually will be eligible for WCCC subsidies. (2099 total staff x 45% families with minor children x 5% in the expanded income range x 40% uptake) The annual cost of additional families will be \$487,350 (19 families x \$2,137.50 per family per month x 12 months per year).

This also leads to 142 additional families below the 75% SMI will qualify to have copayments waived. (2099 total staff x 45% families with minor children x 37.5% below 75% SMI income range x 40% uptake). DCYF assumes estimated cost of \$110,760 to waive annual copayments annually ongoing. (142 families x \$65 copayment x 12 months)

Section 3

Based on the Washington State Economic and Revenue Forecast Council data, DCYF assumes the cost to require inflationary rate adjustments to Dual Language rate enhancement will be \$139,000 for FY26 and FY27.

In addition to the costs above, there are INDETERMINATE costs. Section 3(2) of this bill and underlying statutes are subject to appropriation. RCW 43.216.775 specifies that ECEAP rates must be adjusted every two years with inflationary increases, subject to appropriation. FY27 rates are illustrative only and include inflationary adjustments for both FY26 and FY27, resulting in a 4% increase to rates, based on the September 2023 Washington Economic Forecast Summary U.S.

Implicit Price Deflator. It is unknown what the rates will actually be in 2026.

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	0	2,053,000	2,053,000	6,242,000	6,502,000
001-2	General Fund	Federal	0	4,000	4,000	8,000	8,000
Total \$			0	2,057,000	2,057,000	6,250,000	6,510,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		1.6	0.8	1.6	1.6	
A-Salaries and Wages		117,000	117,000	227,000	234,000	
B-Employee Benefits		50,000	50,000	97,000	100,000	
C-Professional Service Contracts						
E-Goods and Other Services		3,000	3,000	6,000	6,000	
G-Travel		4,000	4,000	8,000	8,000	
J-Capital Outlays		12,000	12,000	1,000		
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services		1,840,000	1,840,000	5,851,000	6,100,000	
P-Debt Service						
S-Interagency Reimbursements						
T-Intra-Agency Reimbursements		31,000	31,000	60,000	62,000	
9-						
Total \$		0	2,057,000	2,057,000	6,250,000	6,510,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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
Mangaement Analyst 3			1.0	0.5	1.0	1.0
Public Benefit Specialist			0.6	0.3	0.6	0.6
Total FTEs			1.6	0.8	1.6	1.6

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29	
Early Childhood Education (030)		2,050,000	2,050,000	6,190,000	6,448,000	
Program Support (090)		31,000	31,000	60,000	62,000	
Total \$			2,081,000	2,081,000	6,250,000	6,510,000

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

Part V: New Rule Making Required

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

Amendment to WACs 110-15-0020 and 110-15-0075