

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2124 S HB	<b>Title:</b> Child care prg. eligibility	<b>Agency:</b> 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
<b>Total \$</b>		4,000	4,000	8,000	8,000

### Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.9	1.0	1.6	1.6
<b>Account</b>					
General Fund-State 001-1	0	1,534,000	1,534,000	7,525,000	7,910,000
General Fund-Federal 001-2	0	5,000	5,000	8,000	8,000
<b>Total \$</b>	0	1,539,000	1,539,000	7,533,000	7,918,000

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.*

Comparison of 2124 HB to 2124 SHB:

Sec. 2(1)(b) adds employees from Head Start programs to the expanded income eligibility to 85% SMI for WCCC.

Sec. 4 is a new section adding effective date of November 1, 2024.

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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:

\$1,539,000 (\$1,534,000 GF-S) and 1.9 FTE in FY25

\$3,573,000 and 1.6 FTE for FY26

\$3,960,000 and 1.7 FTE for FY27

\$3,959,000 and 1.7 FTE annually ongoing

Section 1(6)

Total costs for this section are:

\$561,000 and 0.4 FTE in FY25

\$2,030,000 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

This section allows participation in ECEAP and Head Start programs as an approved activity for WCCC. 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

FY25

DCYF assumes a cost of \$187,000 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 an 8-month rollup with an implementation date of November 1, 2025, which is 25% of the annual total, with an estimated cost of \$187,000 in FY25 (\$746,100 x 25%).

FY26

DCYF assumes a cost of \$740,000 in FY26.

DCYF will support 17,778 ECEAP slots in FY26. DCYF assumes the second-year rollup with an implementation date of November 1, 2025 is 96% of the annual total.

(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)(\$770,970 x 96% = \$740,131)

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 x 12 months = 41 cases)

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

--Head Start

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 \$1,293,240 (\$2,072.50 monthly per cap x 12 months x 52 cases).

FY25

DCYF assumes a cost of \$323,000 in FY25.

DCYF assumes the first year will have an 8-month rollup with an implementation date of November 1, 2025, which is 25%

of the annual total, with an estimated cost of \$323,310 in FY25 (\$1,293,240 x 25%).

#### FY26

DCYF assumes a cost of \$1,242,000 in FY26.

DCYF assumes the second year with an implementation date of November 1, 2025, to be 96% of the annual total, with an estimated cost of \$1,241,510 in FY26 (\$1,293,240 x 96%).

#### FY27

DCYF assumes full implementation in the fiscal year 2027 and ongoing costs are \$1,293,000 annually.

#### Section 2 (1)(b)

Total costs for this section are:

\$978,000 and 1.5 FTE in FY25

\$1,404,000 and 1.2 FTE in FY26

\$1,447,000 and 1.2 FTE in FY27 annually ongoing

This section expands income eligibility up to 85% SMI to employees of ECEAP and Head Start providers for WCCC.

#### --Staff costs

Total Staff costs are \$204,000 for FY25 and \$167,000 annually ongoing.

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

0.5 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 25% in FY25 due to November 2025 implementation.

DCYF assumes a ramp up of 96% in FY26 due to November 2025 implementation.

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.

DCYF data shows there are 2414 staff assigned to Head Start classrooms.

#### --ECEAP

FY25 costs are \$360,000.

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 at full implementation will be \$1,205,550 (47 families x \$2,137.50 per family per month x 12 months per year). Based on the November 1, 2025 implementation date, DCYF assumes the first year will have a ramp up of 25% of the annual total with a cost of \$301,388 for FY25 (\$1,205,550 x 25%).

This also leads to 113 additional families below the 60% SMI will have copayments waived. (2099 total staff x 45% families with minor children x 30% below 60% SMI income range x 40% uptake). DCYF assumes an estimated cost of \$58,760 to waive annual copayments for FY25 (113 families x \$65 copayment x 8 months).

FY26 costs are \$579,000.

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). DCYF assumes a second-year ramp up of 96% of the annual total with a cost of \$467,856 for FY25 (\$1,205,550 x 96%).

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).

FY27 full implementation and costs are \$598,000 annually ongoing.

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).

--HEAD START

FY25 costs are \$414,000.

This leads to 54 additional families per year (2414 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 \$1,385,100 (54 families x \$2,137.50 per family per month x 12 months per year) at full implementation. Based on the November 1, 2025 implementation date, DCYF assumes the first year will have a ramp up of 25% of the annual total with a cost of \$346,275 (\$1,385,100 x 25%).

This also leads to 130 additional families below the 60% SMI will have copayments waived. (2414 total staff x 45% families with minor children x 30% below 60% SMI income range x 40% uptake). DCYF assumes an estimated cost of \$67,600 to waive annual copayments for FY25 (130 families x \$65 copayment x 8 months).

FY26 costs are \$669,000.

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

This leads to 22 additional families per year (2414 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 \$564,300 (22 families x \$2,137.50 per family per month x 12 months per year). DCYF assumes a second-year ramp up of 96% of the annual total with a cost of \$541,748 (\$564,300 x 96%).

This also leads to 163 additional families below the 75% SMI will have copayments waived. (2414 total staff x 45% families with minor children x 30% below 75% SMI income range x 40% uptake). DCYF assumes an estimated cost of \$127,140 to

waive annual copayments for FY25 (163 families x \$65 copayment x 12 months).

FY27 is fully implemented, and costs are \$691,000 annually ongoing.

This leads to 22 additional families per year (2414 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 \$564,300 (22 families x \$2,137.50 per family per month x 12 months per year).

This also leads to 163 additional families below the 75% SMI will have copayments waived. (2414 total staff x 45% families with minor children x 30% below 75% SMI income range x 40% uptake). DCYF assumes an estimated cost of \$127,140 to waive annual copayments for FY25 (163 families x \$65 copayment x 12 months).

**Section 3**

Total estimated costs for this section are \$139,000 for FY25 annually ongoing.

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 statues 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	1,534,000	1,534,000	7,525,000	7,910,000
001-2	General Fund	Federal	0	5,000	5,000	8,000	8,000
<b>Total \$</b>			0	1,539,000	1,539,000	7,533,000	7,918,000

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		1.9	1.0	1.6	1.6
A-Salaries and Wages		137,000	137,000	241,000	248,000
B-Employee Benefits		59,000	59,000	103,000	106,000
C-Professional Service Contracts					
E-Goods and Other Services		4,000	4,000	6,000	6,000
G-Travel		5,000	5,000	8,000	8,000
J-Capital Outlays		14,000	14,000	1,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		1,284,000	1,284,000	7,110,000	7,484,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		36,000	36,000	64,000	66,000
9-					
<b>Total \$</b>	0	1,539,000	1,539,000	7,533,000	7,918,000

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
Management Analyst 3			1.0	0.5	1.0	1.0
Public Benefit Specialist 3			0.9	0.5	0.6	0.6
<b>Total FTEs</b>			1.9	1.0	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)		1,503,000	1,503,000	7,469,000	7,852,000
Program Support (090)		36,000	36,000	64,000	66,000
<b>Total \$</b>		1,539,000	1,539,000	7,533,000	7,918,000

**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