

Multiple Agency Fiscal Note Summary

Bill Number: 2179 HB	Title: Child care local licensing
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Carly Kujath, OFM	Phone: (360) 790-7909	Date Published: Final 2/ 7/2024
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Individual State Agency Fiscal Note

Bill Number: 2179 HB	Title: Child care local licensing	Agency: 307-Department of Children, Youth, and Families
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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.

Legislative Contact: Omeara Harrington	Phone: 360-786-7136	Date: 01/24/2024
Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 02/06/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 02/06/2024
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 02/07/2024

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.

Section 1 creates a new method of licensing child care facilities that counties with under 100,000 residents may opt into. Counties may opt into this licensing option between July 1, 2025 and June 30, 2032. A county must adopt ordinances that meet certain conditions. The Department of Children, Youth, and Families (DCYF) is required to provide technical assistance to any county that is in the process of adopted the ordinances, and after ordinances become effective.

Section 2 requires DCYF to contract for a third-party consultant to conduct an analysis of local licensing and regulation of child care center and family home providers. DCYF is to consult with representatives of local governments when selecting a consultant.

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.

Indeterminate. Title IV-E reimbursement rate is 13% and would apply to staff costs.

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.

Total cost of the bill is INDETERMINATE due to unknown impacts on licensing staff and IT. Illustrative costs for IT are shown below. Estimated impacts for Early Learning and Contracts are also shown below.

Sections 1 and 2 Costs

Licensing

Costs to Licensing are INDETERMINATE due to the unknown impact on licensing staff and the unknown number of counties that would opt into the new system. The proposed changes to licensing will require rules to be rewritten and require coordination to manage the transition from state to local licensing. Licensing staff would be repurposed to technical assistance for counties before and after they transition to local licensure. It is possible there may be some staff savings as a result of this bill, but the number and amount are INDETERMINATE as it is unknown what level of assistance counties will need as they transition to local licensure.

Early Learning

FY 26: 1 FTE and \$152,000 (\$149,000 GFS)

FY 27: 1 FTE and \$145,000 (\$142,000 GFS)

FY 28: 1 FTE and \$145,000 (\$142,000 GFS)

FY 29: 1 FTE and \$145,000 (\$142,000 GFS)

The Early Childhood Education and Assistance Program (ECEAP) program would need 1 Commerce Specialist 3 to align new local licensure standards with ECEAP standards, as well as work to coordinate with counties on monitoring systems. Cost for the CS3 is estimated at \$152,000 (\$149,000 GF-S) in FY 2025, and \$145,000 (\$142,000 GF-S) in FY 2026 and beyond.

IT Costs

It is assumed that while counties may begin licensing and regulating childcare providers, the counties and providers will still need to access state child care IT systems. For purposes of this fiscal note, it is assumed that 4 counties per year will opt to license and regularly childcare.

FY 26: 32 FTE and \$5,239,000 (\$4,505,000 GF-S)

FY 27: 32 FTE and \$5,009,000 (\$4,308,000 GF-S)

FY 28: 32 FTE and \$5,009,000 (\$4,308,000 GF-S)

FY 29: 32 FTE and \$5,009,000 (\$4,308,000 GF-S)

Several IT systems related to childcare will require significant updating for each county that chooses to regulate childcare. Systems including:

MERIT – Workforce Registry and official system of record for early learning professionals in Washington state;

Tiered Reimbursement – the system for Early Achievers rated family home providers to receive enhanced payments; Early Learning Management System (ELMS) for childcare providers who also offer Early Childhood Education and Assistance Program (ECEAP) services;

FAMLINK for child welfare related cases in Washington;

and COMPASS Provider Portal, used by early learning and family friends and neighbors providers to provide updates on facilities and care situations.

Each of these systems serves a different purpose and staffing is assumed to be needed for each to be adapted to individual counties licensing based on their locally adopted regulations.

These changes would require 3 months of work per county, per system, if business decisions are made ahead of time. Staffing would include:

MERIT: Changing existing integration and interface

1 Project Manager Journey

2 IT Business Analyst Journey

2 APP Developers

1 Quality Assurance Journey

1 Data Analyst Journey

Tiered Reimbursement

1 Project Manager Journey

1 IT Business Analyst Journey

2 APP Developers

1 Quality Assurance Journey

1 Data Analyst Journey

ELMS

- 1 Project Manager Journey
- 1 IT Business Analyst Journey
- 2 APP Developers
- 1 Quality Assurance Journey
- 1 Data Analyst Journey

FAMLINK – Please note that there is an existing backlog of approximately 36 months for FAMLINK changes. Any new work required from this legislation would need to be prioritized.

- 1 Project Manager Journey
- 1 IT Business Analyst Journey
- 3 APP Developers
- 1 Quality Assurance Journey

Compass

- 1 Business Analyst Journey
- 2 APP Developers
- 1 Quality assurance
- 1 Data Analyst Journey

Contracting

DCYF is directed to contract for a third-party consultant to conduct an analysis of local licensing and regulation of childcare centers and family home provider. Cost of this report, based on prior similar required analysis, is estimated at \$95,000 per year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

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.

Yes, rulemaking would be required. The bill instructs the department to adopt rules that will allow counties to license childcare facilities.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2179 HB

Title: Child care local licensing

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only: Counties with populations less than 100,000.
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Counties may pass an ordinance to license and regulate childcare centers and family home providers.
- Key variables cannot be estimated with certainty at this time: The number of counties that will choose to pass an ordinance.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 01/26/2024
Leg. Committee Contact: Omeara Harrington	Phone: 360-786-7136	Date: 01/24/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/26/2024
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 01/30/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This legislation would allow counties with populations less than 100,000 to license and regulate childcare centers and family home providers for any period of time beginning July 1, 2025, through June 30, 2032.

Sec. 1 is a new section added to chapter 43.216 RCW which provides an option for counties with populations less than 100,000 to adopt and maintain ordinances for the licensing and regulation of childcare centers and family home providers. Ordinances must address certain requirements listed in this section related to facilities, operations, and staffing. Counties shall notify and provide certain information to the department of children, youth, and families 60 days prior to the effective date of the ordinance. Subsection (3) requires counties licensing and regulating childcare centers and family home providers to submit quarterly reports to the department of children, youth, and families. This section will expire on July 1, 2034.

This legislation would take effect 90 days after adjournment of the session in which the bill is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would not impact local government expenditures due to the local option. Counties that choose to license and regulate childcare centers or family home providers would incur costs to pass and enforce the ordinance and submit quarterly reports.

The typical cost to adopt a county ordinance ranges from \$648 for a simple ordinance to \$6,394 for a complex ordinance. These costs include costs for draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information.

Note: these cost estimates are for only one meeting or staff report, more complex ordinances would likely require more meetings and potentially more staff reports. There would be further costs associated with enforcing or executing the ordinance.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would not impact local government revenues.

SOURCES

Association of Washington Cities (AWC)

Local Government Fiscal Note Program unit cost model (2024)