

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2124 2S 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-State 001-1		4,000	4,000	6,000	6,000
<b>Total \$</b>		4,000	4,000	6,000	6,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
General Fund-State 001-1	0	1,235,000	1,235,000	4,877,000	4,856,000
General Fund-Federal 001-2	0	4,000	4,000	6,000	6,000
<b>Total \$</b>	0	1,239,000	1,239,000	4,883,000	4,862,000

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.

Legislative Contact: Jordan Clarke	Phone: 360-786-7123	Date: 02/12/2024
Agency Preparation: Melissa Jones	Phone: (360) 688-0134	Date: 02/15/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 02/15/2024
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 02/16/2024

## 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.*

Comparison of 2124 2SHB to 2124 SHB

Section 1(6) removes ECEAP and Head Start and replaces with Birth to Three ECEAP (Early ECEAP) and Early Head Start as approved activities when determining eligibility for WCCC benefits for families.

Section 5 is a new section that references if this act is not provided by June 30, 2024 in the omnibus appropriations act then it will be null and void.

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2124 SHB

Section 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.

Section 2(1)(b) amends RCW 43.216.1364 expanding income eligibility for employees of unlicensed ECEAP and Head Start 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.

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

### 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 and \$3,000 for FY26 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:

\$1,239,000 (\$1,235,000 GF-S) and 1.7 FTE in FY25

\$2,403,000 and 1.7 FTE for FY26

\$2,480,000 and 1.4 FTE for FY27

\$2,431,000 and 1.4 FTE for FY28 annually ongoing

#### Section 1(6)

Total costs for this section are:

\$261,000 and 0.2 FTE in FY25

\$860,000 and 0.2 FTE in FY26

\$894,000 and 0.2 FTE in FY27

\$845,000 and 0.2 FTE in FY28 annually ongoing

This section allows participation in early ECEAP and early Head Start programs as an approved activity for WCCC. DCYF assumes early Tribal ECEAP and early Tribal Head Start programs are included.

#### --Staff costs

Total staff costs are \$25,000 for FY25.

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

#### --Early ECEAP

FY 2025 – total costs are \$25,000.

DCYF assumes a similar participation rate of 68% for early ECEAP as early Head Start programs in WCCC. Early ECEAP is not an entitlement program and currently has 178 slots. This leads to 68% percent of children participating in early ECEAP, or 121 cases, also participating in WCCC. Of the 121 cases, 15% are denied at reapplication. DCYF assumes that 23%, or 4 cases annually, would be extended to 12 months for children participating in early ECEAP, based on data regarding denials.

The anticipated FY25 annual cost is \$99,480 (\$2,072.50 monthly per cap x 12 months x 4 cases). DCYF assumes the first year will have an 8-month rollup with an implementation date of November 1, 2024, which is 25% of the annual total, with an estimated cost of \$24,870 in FY25 (\$99,480 x 25%).

FY 2026 -total costs are \$96,000.

DCYF assumes the second-year rollup with an implementation date of November 1, 2024, is 96% of the annual total. (4 cases x per cap \$2,072.50 x 12 months = \$99,480) (\$99,480 x 96% = \$95,501)

FY 2027- total costs are \$99,000 and fully implemented.

There is a change in percentages of reapplications denied due to income eligibility moving to 75% in the 2026 biennium and 85% in the 2028 biennium, but it does not affect the calculation of additional cases from early ECEAP from year to year, although it does affect the number of cases from early Head Start.

#### --Early Head Start

##### Assumptions

Based on the 2022 Head Start Program Information Report, 985 children participate in Early Head Start programs and Subsidy.

DCYF assumes that 23% of those cases are denied for no approved activity.

DCYF assumes the 2025 percent or reapplications denied is 15%.

DCYF assumes the 2026 percent of reapplications denied due to income moving to 75% is 13.70%.  
DCYF assumes the 2027 percent of reapplications denied due to income moving to 75% is 13.70%.  
DCYF assumes the 2028 percent of reapplications denied due to income moving to 85% is 13%.

FY 2025 – total costs are \$211,000.

DCYF assumes 15% of cases are denied at reapplication or 148 cases per year. This leads to a total of 34 cases annually that would be extended 12 months for participating in early Head Start programs. The anticipated annual cost for allowing early Head Start participation is \$845,580 (\$2,072.50 monthly per cap x 12 months x 34 cases). DCYF assumes the first year will have an 8-month rollout with an implementation date of November 1, 2024, which is 25% of the annual total, with an estimated cost of \$211,395 in fiscal year 2025 (\$845,580 x 25%).

FY 2026 – total cost are \$740,000.

DCYF assumes 13.70% of cases are denied at reapplication or 135 cases per year. This leads to a total of 31 cases annually that would be extended 12 months for participating in early Head Start programs. The anticipated annual cost for allowing early Head Start participation is \$770,970 (\$2,072.50 monthly per cap x 12 months x 31 cases). DCYF assumes the second year with an implementation date of November 1, 2024, to be 96% of the annual total, with an estimated cost of \$740,131 in fiscal year 2026 (\$770,970 x 96%).

FY 2027 – total costs are \$771,000.

DCYF assumes 13.70% of cases are denied at reapplication or 135 cases per year. This leads to a total of 31 cases annually that would be extended 12 months for participating in early Head Start programs. The anticipated annual cost for allowing early Head Start participation is \$770,970 (\$2,072.50 monthly per cap x 12 months x 31 cases). DCYF assumes full implementation in the fiscal year 2027.

FY2028 – total costs are \$721,000.

DCYF assumes 13 % of cases are denied at reapplication or 128 cases per year. This leads to a total of 29 cases annually that would be extended 12 months for participating in early Head Start programs. The anticipated annual cost for allowing early Head Start participation is \$721,230 (\$2,072.50 monthly per cap x 12 months x 29 cases).

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 \$157,000 annually ongoing.

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.

1.0 FTE – Management Analyst 3 (MA3) provide technical support for 2099 staff and 261 ECEAP providers annually with Merit navigation and documentation.

---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 2024 implementation.

DCYF assumes a ramp up of 96% in FY26 due to November 2024 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, 2024, 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, 2024, 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	1,235,000	1,235,000	4,877,000	4,856,000
001-2	General Fund	Federal	0	4,000	4,000	6,000	6,000
<b>Total \$</b>			0	1,239,000	1,239,000	4,883,000	4,862,000

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					
A-Salaries and Wages		124,000	124,000	208,000	208,000
B-Employee Benefits		53,000	53,000	88,000	88,000
C-Professional Service Contracts					
E-Goods and Other Services		3,000	3,000	4,000	4,000
G-Travel		4,000	4,000	6,000	6,000
J-Capital Outlays		12,000	12,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		1,010,000	1,010,000	4,521,000	4,500,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		33,000	33,000	56,000	56,000
9-					
<b>Total \$</b>	0	1,239,000	1,239,000	4,883,000	4,862,000

In addition to the estimates above, there are additional indeterminate costs 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)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Early Childhood Education (030)		1,206,000	1,206,000	4,827,000	4,806,000
Program Support (090)		33,000	33,000	56,000	56,000
<b>Total \$</b>		1,239,000	1,239,000	4,883,000	4,862,000

**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