



Agency Recommendation Summary

The Department of Children, Youth, and Families (DCYF) requests \$236,810,000 (\$236,761,000 General Fund State (GF-S)) and 9.5 Full Time Equivalents (FTEs) in the 2023-2025 Biennial Budget to increase accessibility and affordability of child care services. Providers report limiting spaces available to families who participate in child care subsidy due to two primary issues: low reimbursement rates and increased administrative burden required to participate in child care subsidy. These policy changes address the most urgent administrative burden, align payment practices with the private market, and increase complex needs funding and equity grants to providers.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	9.0	10.0	9.5	11.0	12.0	11.5
Operating Expenditures						
Fund 001 - 1	\$116,550	\$119,881	\$236,431	\$123,237	\$126,733	\$249,970
Fund 001 - 1	\$157	\$173	\$330	\$191	\$208	\$399
Fund 001 - A	\$23	\$26	\$49	\$28	\$31	\$59
Total Expenditures	\$116,730	\$120,080	\$236,810	\$123,456	\$126,972	\$250,428
Revenue						
001 - 0393	\$23	\$26	\$49	\$28	\$31	\$59
Total Revenue	\$23	\$26	\$49	\$28	\$31	\$59

Decision Package Description

Access to high quality care is limited in part due to providers restricting slot availability for children participating in child care subsidy. Providers need more administrative stability to ensure that offering subsidized child care slots forms part of a feasible business model. Without this we will perpetuate inequitable access to high quality care for children from families with low income, who we know are disproportionately represented by families of color. Aligning subsidy payment practices with the private market will continue to support providers who care for children receiving subsidy and will increase provider participation. These proposals have been considered in the past and some were temporarily implemented to support providers during the Covid-19 pandemic.

DCYF proposes to increase provider participation by simplifying administrative processes and reducing the burden for providers who participate in subsidy. Specifically, DCYF will:

- **Pay providers based on the child’s anticipated participation.**
 1. Paying providers based on enrollment aligns with the private market and allows providers to have a consistent source of payment. This is important for reducing the inequities between private pay and subsidy rates.
- **Increase the infant rate enhancement**
 1. Increasing the infant rate enhancement from \$90 to \$500 covers the higher cost of delivering infant care, therefore providing increased access for infants that receive subsidy.
 2. After extensive stakeholder feedback and a preliminary analysis of the cost of care study, DCYF proposes to raise the rate to \$500.
- **Increase the Non-Standard Hour Bonus**
 1. Per the Fair Start for Kids Act: “In order to expand the supply of critically needed after-hours care to meet the needs of parents and caregivers and a round-the-clock economy, the department of children, youth, and families, in consultation with diverse stakeholders, must develop a rate model for nonstandard child care hours...” The recommendations that DCYF produced as part of its [report](#) to the legislature were:
 - Increasing the non-standard hour bonus for children receiving subsidy to \$500 per month per child.
 - Maintaining non-standard hour bonus eligibility at 30 non-standard hours per month.
 - Maintaining the non-standard hour definition as hours between 6 p.m. and 6 a.m., weekends, and holidays.
 2. Economic impacts for licensed family homes is a mandatory bargaining subject with Service Employees International Union (SEIU) 925.
- **Remove the penalty for making administrative billing errors and align overpayment collection with federal requirements**
 1. The Child Care Development Fund (CCDF) requirements allow states to only require repayment when overpayments are due to

fraud or intentional program violations. DCYF will stop collecting on unintentional program violations and administrative errors.

- **Implement and manage contracted slots for child care subsidy**
 1. Contracted slots to secure access for infants/toddlers involved in child protective services.
 2. DCYF will hire staff to implement contracted slots for child care subsidy. This allows DCYF to fund slots to further support equitable child access as provided in RCW 43.216.143.
- **Expand Child Care Complex Needs Funding.**
 1. FSKA instituted a child care complex needs fund. DCYF proposes to expand the fund.
 2. DCYF received \$86M in Child Care Complex Needs Fund requests from eligible child care providers, which was well above available funding, resulting in unmet need. The Child Care Complex Needs Fund is proving to be a much-needed resource for providers serving children who have developmental delays, disabilities, behavioral needs, or other unique needs.
- **Early Childhood Equity Grants**
 1. FSKA instituted an equity grant fund. DCYF proposes to expand the fund.
 2. DCYF has received great interest from providers wishing to receive an Early Childhood Equity Grant. The funding requests far exceed the available amount and is proving to be a much-needed resource for providers to support inclusive and culturally and linguistically specific early learning and early childhood and parent support programs across the state.
- **Expand Early ECEAP to provide families with increased options for infants and toddlers.**
 1. DCYF will expand ECEAP 350 slots in FY 24 and another 100 in FY 25, 26, and 27:
 2. Priority will be given to:
 - Highest School District Catchment Areas: from the Infant-Toddler School District Level Need-Supply Gap data.
 - Highest Need Locales: where children are being referred for CPS/ICW services in the highest percentages per population in the state.
 - Tribal Nations: tribal nations serve children and families who have been deeply affected by intergenerational trauma. DCYF has a Government-to-Government obligation to partner with tribes for early learning services that can provide support and healing if administered by tribal nations.
 - Infrastructure Capacity: where communities are prioritizing early learning facilities funds (either from the ELF grant or community funding) to plan for Early ECEAP implementation in the future.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

DCYF requests to expand the Child Care Complex Needs and Early ECEAP.

Detailed Assumptions and Calculations:

DCYF requests funding in the 2023-2025 Biennial budget to increase accessibility and affordability of child care.

Pay providers based on the child's anticipated participation.

- April 2022 was the first month of enrollment-based payment in the current subsidy environment. Based on initial billing data, DCYF assumes enrollment-based payment increase the overall cost of child care subsidy 7.8%.
- Total anticipated costs are calculated by 7.8% multiplied by the cost provided by the Caseload Forecast Council.
- This does not change staffing levels or create additional administrative costs.
- DCYF assumes an anticipated annual cost of \$56,963,000 GF-S in FY 2024 and \$57,434,000 GF-S in FY 2025.

Increase the infant rate enhancement to \$500

- 9% of the caseload is eligible for the infant rate enhancement and that the current \$90 multiplied by the caseload estimated by the Caseload Forecast Council.
- DCYF assumes that increasing the infant rate enhancement to \$500 per infant per month is \$410 more than the current rate enhancement of \$90.
- DCYF assumes an anticipated annual cost of \$12,130,000 GF-S in FY 2024 and \$12,212,000 GF-S in FY 2025.

Increase the Non-Standard Hours Bonus

- Current Non-Standard Hours Bonuses are \$76.50 for Centers and \$90 for Licensed Family Homes (LFH).
- DCYF assumes an increase in the non-standard hour bonus to be \$423.50, or 554% for centers, and \$410, or 456%, for LFHs.
- Calculations are based on multiplying the monthly per cap for Centers and LFHs by the forecasted caseload and the percent increase. The monthly per cap is determined by dividing the total spend for the centers or LFHs by the caseload.
- DCYF assumes a welcome mat of 6.9% in the first biennium
- DCYF assumes the non-standard hours bonus for Centers will be \$529,000 in FY24 and \$533,000 in FY25 (monthly per cap x forecasted caseload x 6.9% welcome mat x 554% increase).
- DCYF assumes the non-standard hours bonus for LFHs will be \$20,132,000 in FY24 and \$20,270,000 in FY25 (monthly per cap x forecasted caseload x 6.9% welcome mat x 456% increase).
- DCYF assumes a total anticipated cost of \$20,661,000 GF-S in FY24 and \$20,803,000 GF-S in FY25.

Remove the penalty of making administrative errors and align overpayment collection with federal requirements

- In FY 2022 DCYF assigned \$384,184 in overpayments for unintentional program violations and administrative errors.
- DCYF assumes that FY2024 and subsequent fiscal years will be consistent with FY2022 overpayment results. DCYF assumes an anticipated annual cost of \$384,000 GF-S per fiscal year.

Implement and manage contracted slots for child care subsidy.

- DCYF will hire 1 program manager to implement and maintain 100 child welfare contracted slots in the child care subsidy program. The costs of the program will remain unchanged leaving the cost of implementation based exclusively on Full Time Equivalent (FTE) to recruit provider participation, implement contracted slots, make payment, and provide quality assurance.
- DCYF assumes an anticipated annual cost of \$143,000 GF-S in FY 2024 and \$136,000 GF-S in FY 2025.

Child Care Complex Needs Funding

- In FY 2022 DCYF received \$86M in Child Care Complex Needs Fund requests from eligible child care providers, but only had \$4,604,000 for the 2021-2023 biennium.
- In order to meet more of this need, an additional \$7,698,000 GF-S will be needed for Fiscal Year 24 and \$7,698,000 GF-S for Fiscal Year 25.

Early Childhood Equity Grants

- In FY 2022 DCYF received great interest from providers wishing to receive an Early Childhood Equity Grant, but only had \$2,624,000 per fiscal year to award.
- In order to meet more of this need, DCYF requests \$9,346,000 GF-S in FY24 and \$9,346,000 GF-S in FY25.

Expand Early ECEAP to provide families with increased options for infants and toddlers.

- There are currently 178 Early ECEAP slots.
- DCYF assumes the Early ECEAP program will begin with 350 slots and increase by 100 slots per year. The cost per slot will increase by 20% in FY24 to \$23,645 per slot, 1.8% in FY25 to \$24,070 per slot, 2% in FY26 to \$24,552 per slot, and 2.2% in FY27 to \$25,092 per slot. The total anticipated annual cost for Early ECEAP slots is \$8,276,000 in FY24 and \$10,832,000 in FY25.
- DCYF purchases curriculum, child assessments, access for contractors to the Teaching Strategies Cloud, Ready Rosie, and professional

development by incorporating a Quality Support Rate. DCYF assumes the Quality Support Rate for Early ECEAP will begin at \$120 and increase by 1.8% in FY25 to \$124 per slot, 2% in FY26 to \$127 per slot, and 2.2% in FY27 to \$131 per slot. The total anticipated annual cost for the Quality Support Rate is \$42,000 in FY24 and \$56,000 in FY25.

- DCYF currently staffs 4 employees to support the Early ECEAP program. Funding for these positions is provided by the Preschool Development Grant, which ends in December of 2022. DCYF requests funding to support the 4 existing positions, while also adding an additional Commerce Specialist 3 each year the program expands.
- DCYF assumes the total anticipated annual cost of \$8,842,000 GF-S in FY24 and \$11,521,000 GF-S FY25.

In addition to the programmatic requests above, DCYF request the following back-end resources.

Barcode Updates

- DCYF partners with the Department of Social and Health Services Economic Services Administration for programming associated with Barcode changes. There are some significant programming changes in this proposal.
- DCYF assumes DSHS ESA will bill for the following FTE hours:
 1. Enrollment Based Pay
 - IT Business Analyst – 1 week/40 hours
 - IT App Developer– 1 week/40 hours
 2. Increase infant rate enhancement to \$500
 - IT Business Analyst – 1 week/40 hours
 - IT App Developer– 1 week/40 hours
- DCYF assumes the total one-time costs for Barcode changes are \$11,000 GF-S in FY24.

Office of Administrative Hearings Appeals

- DCYF assumes the cost of appeals will reduce by \$9,000 GF-S in FY24 and \$15,000 in FY25
- DCYF partners with the Office of Administrative Hearings (OAH) for appeals. The work in this decision package will increase appeals referrals to OAH.
- DCYF assumes that there will be a reduction of 12 appeals referrals in FY24 and 24 appeals referrals in FY25 and beyond

DCYF assumes that the workload and caseload increase in this proposal is based on the increase in Early ECEAP slots and the staffing needs to implement contracted slots.

DCYF assumes no additional changes to the child care subsidy caseload and workload to implement the child care subsidy changes.

Workforce Assumptions:

The Department of Children, Youth, and Families (DCYF) requests \$2,556,000 General Fund-State and 10.0 Full Time Equivalent Staff (FTEs) in the 2023-2025 Biennial Budget.

- Contracted Slots – \$143,000 in FY 2024 and \$136,000 in FY 2025
 1. 1.0 Management Analyst 4 - \$111,000 annually
 2. DCYF assumes a standard annual cost of \$1,800 for goods and services (\$1,800 per FTE).
 3. DCYF assumes a standard annual cost of \$2,400 for travel (\$2,400 per FTE).
 4. DCYF assumes one-time cost of \$7,200 in FY 2024 for capital outlays (\$7,200 per FTE).
- Early ECEAP Expansion – \$581,000 in FY 2024 and \$719,000 in FY 2025
 1. Continuation of 2.0 Commerce Specialist 3s – \$166,000 annually
 2. Continuation of 1.0 IT App Development Journey – \$132,000 annually
 3. Continuation of 1.0 IT Business Analyst Journey – \$132,000 annually
 4. 1.0 New Commerce Specialist 3 in FY 2025 - \$83,000 annually
 5. DCYF assumes a standard annual cost of \$7,200 in FY 2024 and \$9,000 in FY 2025 for goods and services (\$1,800 per FTE).
 6. DCYF assumes a standard annual cost of \$9,600 in FY 2024 and \$12,000 in FY 2025 for travel (\$2,400 per FTE).
 7. DCYF assumes one-time cost of \$7,200 in FY 2025 for capital outlays (\$7,200 per FTE).
- Complex Needs and Equity Grants – \$505,000 in FY2024 and \$476,000 in FY2025
 1. 2.0 Management Analyst 3s - \$196,000 annually

2. 2.0 Program Specialist 3s - \$192,000 annually
3. DCYF assumes a standard annual cost of \$7,200 in FY 2024 and \$7,200 in FY 2025 for goods and services (\$1,800 per FTE).
4. DCYF assumes a standard annual cost of \$9,600 in FY 2024 and \$9,600 in FY 2025 for travel (\$2,400 per FTE).
5. DCYF assumes one-time cost of \$28,800 in FY 2024 for capital outlays (\$7,200 per FTE).

Strategic and Performance Outcomes

Strategic Framework:

This proposal to increase accessibility and affordability of child care expands access to subsidized childcare across the state. This supports the DCYF Strategic Priority of “Creating a High-Quality Integrated Birth to Eight System”. This further supports the Governor’s Results Washington goal areas of Prosperous Economy, World Class Education, and Healthy and Safe communities by increasing family access to high quality child care. This directly supports working families and especially single parent families which are disproportionately women and women of color.

Performance Outcomes:

DCYF expects to increase the number of licensed child care providers participating in child care subsidy and Early ECEAP and increase the number of slots available to families receiving child care subsidy. This will support increased demand forecasted by the Caseload Forecast Council and planned program expansion.

Equity Impacts

Community outreach and engagement:

This proposal will increase the number of providers and slots available to children participating in child care subsidy. This will help all communities throughout the state especially those areas with lower income and higher rates of poverty. Specific focus is given to areas of concern allowing by expanding Early ECEAP to allow families with infants and toddlers increased access to high quality early learning environments.

Disproportional Impact Considerations:

Robust impacts on equity as many child care providers are women and BIPOC women.

Target Populations or Communities:

Licensed child care providers, esp. those serving subsidy, families using these services.

Other Collateral Connections

Puget Sound Recovery:

Not applicable

State Workforce Impacts:

These changes will create a change in how DCYF staff review and process some payments and overpayment. This is consistent with other policy changes. Compensation is a mandatory subject of bargaining with Service Employee International Union (SEIU) 925 that represents licensed family home providers. Provider payment method and rates are included in the Collective Bargaining Agreement.

Intergovernmental:

Tribal, County, and City governments that offer child care subsidy programs have different payment practices. Providers who offer slots to families participating in other programs will need to manage different payment processes. However, other programs also pay based on enrollment providing increased consistency for those providers.

Stakeholder Response:

Stakeholders are supportive of all of these recommendations. Feedback has highlighted the differences in the private pay practices and stakeholders support alignment. Additional feedback has focused on ensuring that rates are sufficient to cover costs and requests to expand contracted slots which is incorporated. DCYF has shared these ideas with the Early Learning Advisory Committee, Provider Supports, Early Learning Action Alliance, the Early Care and Education Consortium, representatives of school-age providers and School's Out Washington, OneAmerica, ECEAP directors, Parent Ambassadors, Indian Policy Early Learning Committee, SEIU 925, CCA of WA, and Washington Association of ECEAP and Head Start. These proposals are consistent with recommendations made by the Child Care Collaborative Task Force and The Early Learning Advisory Council.

These changes will require notice to SEIU 925 on behalf of licensed family homes and FFN providers. Current CBA outlines billing and authorization requirements for the program.

State Facilities Impacts:

Not applicable

Changes from Current Law:

DCYF will need to modify rules pertaining to claim and payment, specifically, 110-15-0036 related to billing.

Legal or Administrative Mandates:

Not applicable

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$723	\$802	\$1,525	\$881	\$960	\$1,841
Obj. B	\$252	\$280	\$532	\$308	\$335	\$643
Obj. E	\$7	\$3	\$10	\$5	\$7	\$12
Obj. G	\$22	\$25	\$47	\$26	\$29	\$55
Obj. J	\$36	\$7	\$43	\$7	\$7	\$14
Obj. N	\$115,499	\$118,764	\$234,263	\$122,010	\$125,395	\$247,405
Obj. S	\$11	\$0	\$11	\$0	\$0	\$0
Obj. T	\$180	\$199	\$379	\$219	\$239	\$458

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