



## Agency Recommendation Summary

The Department of Children, Youth and Families (DCYF) requests \$1,272,000 (General Fund State) and 2.0 Full Time Equivalents (FTE) in the 2024 Supplemental Budget to provide the necessary level of detail regarding Working Connections Child Care (WCCC) program payments to meet State Auditor’s Office (SAO) findings related to the Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families (TANF) grants, as identified in the CCDF FY22 State Wide Single Audit (SWSA) Report. This request is in response to the \$261million CCDF Audit finding and the \$68 million Audit finding from the State Auditor’s Office in FY22. These will be repeat findings in future audits as DCYF lacks the resources necessary to provide the level of detail required by SAO.

## Program Recommendation Summary

### 090 - Program Support

The Department of Children, Youth and Families (DCYF) requests \$1,272,000 (General Fund State) and 2.0 Full Time Equivalents (FTE) in the 2024 Supplemental Budget to provide the necessary level of detail regarding Working Connections Child Care (WCCC) program payments to meet State Auditor’s Office (SAO) findings related to the Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families (TANF) grants, as identified in the CCDF FY22 State Wide Single Audit (SWSA) Report. This request is in response to the \$261million CCDF Audit finding and the \$68 million Audit finding from the State Auditor’s Office in FY22. These will be repeat findings in future audits as DCYF lacks the resources necessary to provide the level of detail required by SAO.

## Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
<b>Staffing</b>						
FTEs	0.0	2.0	1.0	2.0	2.0	2.0
<b>Operating Expenditures</b>						
Fund 001 - 1	\$0	\$1,272	\$1,272	\$1,258	\$1,258	\$2,516
Total Expenditures	\$0	\$1,272	\$1,272	\$1,258	\$1,258	\$2,516

## Decision Package Description

DCYF administers the Working Connections Child Care (WCCC) program which is funded with a mix of Child Care Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) grants and state funds. The State Auditor’s Office (SAO) issued a \$261 million finding for the CCDF program and a \$68 million finding for the TANF grants, stating they were not able to conduct the audit of the CCDF grant as they were unable to access child-level detail for all transactions and that DCYF did not have internal controls in place to ensure that providers receiving TANF funds were allowable and properly supported. Section 229(4)(c) of ESSB 5187 (the 2023-25 Biennial Budget bill) requires DCYF to report child level data for all transactions. Through coordination with the Department of Social and Health Services, Economic Services Administration, responsible for the administration of the TANF grant, DCYF has learned the lack of child level detail, as described in the SAO audit finding, creates a risk that the federal government may require the repayment of future TANF questioned costs. DCYF requests funding to ensure that adequate controls and level of detail are available to meet the SAO findings and ensure proper grant management.

Payments are made through the Social Services Payment System (SSPS), an antiquated payment system that does not allow for changes to the original payment data should a transfer of expenditures need to occur as a part of the overall DCYF grants management process. SSPS interfaces with the Agency Financial Reporting System (AFRS) on a nightly basis. The interface to AFRS does not include child-level detail. Therefore, when the SSPS transactions interface with AFRS and cost allocate through the Cost Allocation System (CAS) within AFRS, there is no system-level solution to transfer child level detail to AFRS and CAS. A feasibility study is currently underway regarding a SSPS replacement system. DCYF submitted a placeholder decision package request for the 2024 Supplemental Budget to fund a SSPS replacement system based on the results of the feasibility study. However, it is not expected the SSPS replacement system will address the auditor’s request for child-level detail at the cost allocated transactional level. Therefore, the only solution to resolve the audit finding is to implement a manual process. Given the turnaround time necessary to become compliant to the SAO standard, this will require a contract with a provider to work in conjunction with requested DCYF staffing levels to get to the detailed reporting necessary.

There will be repeat findings in FY24 as well as FY25. In addition, there will be on-going findings and more significantly, the risk to repay the federal government TANF’s share of the WCCC program, if this request is not funded, given DCYF does not have the resources necessary to

develop and maintain the business process redesign as well as the current information technology initiatives necessary to meet the level of detail as identified by the SAO.

## Assumptions and Calculations

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

This request entails a manual process to occur outside of the current system to resolve the finding.

The contracted provider request is ongoing. This money is intended for third party consultation to build and maintain data sets to fulfill SAO's findings and mitigate the risk of future impacts to the TANF and CCDF grant awards.

### ***Detailed Assumptions and Calculations:***

**DCYF requests \$1,272,000 consisting of contracted services in the amount of \$1,000,000 (\$1,000,000 General Fund State) and staff costs of \$272,000 (\$272,000 General Fund State).**

The \$1,000,000 contracted services request is on-going. Contracted services are estimated based on similar business analyst costs in the SSPS system replacement project. The contracted services will build and maintain data sets to fulfill SAO's findings and mitigate the risk of future impacts to the TANF and CCDF grant awards.

See below for workforce assumptions related to staffing costs.

### ***Workforce Assumptions:***

**DCYF requests \$272,000 (\$272,000 General Fund State) and 2.0 FTEs in FY25 ongoing through future biennia.**

1.0 MA5 at \$130,000 (Rates & Forecast Unit) and 1.0 MA4 at \$141,000 (Cost Allocation Unit) in FY25 ongoing through future biennia to perform manual reporting procedures to meet SAOs desired detailed reporting standards.

## Strategic and Performance Outcomes

### ***Strategic Framework:***

DCYF's strategic plan calls for the creation of a high-quality integrated B18 system. This includes expanding access to affordable, high-quality childcare.

### ***Performance Outcomes:***

DCYF expects to continue to provide supportive, affordable, high-quality access to childcare across the state. Quality data surrounding child care payments will improve transparency as the program is expanded and will ensure continued strong financial management of two critical federal funding streams.

## Equity Impacts

### ***Community outreach and engagement:***

The CCDF and TANF grants are critical to services to vulnerable children and families across the entirety of Washington State. Loss of this grant will have severe statewide implications for children and families as well as the communities in which they live.

### ***Disproportional Impact Considerations:***

Not applicable.

### ***Target Populations or Communities:***

The CCDF and TANF grants are critical to services to vulnerable children and families across the entirety of Washington State. Loss of this grant will have severe statewide implications for children and families as well as the communities in which they live.

## Other Collateral Connections

**Puget Sound Recovery:**

Not applicable.

**State Workforce Impacts:**

Not applicable.

**Intergovernmental:**

Not applicable.

**Stakeholder Response:**

Not applicable.

**State Facilities Impacts:**

Not applicable.

**Changes from Current Law:**

Not applicable.

**Legal or Administrative Mandates:**

Not applicable.

**HEAL Act Agencies Supplemental Questions**

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	\$0	\$187	\$187	\$187	\$187	\$374
Obj. B	\$0	\$62	\$62	\$62	\$62	\$124
Obj. C	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000
Obj. E	\$0	\$4	\$4	\$4	\$4	\$8
Obj. G	\$0	\$5	\$5	\$5	\$5	\$10
Obj. J	\$0	\$14	\$14	\$0	\$0	\$0

## Agency Contact Information

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