



### Agency Recommendation Summary

The Department of Children, Youth, and Families (DCYF) requests \$256,925,000 (\$256,739,000 General Fund-State) and 40.0 full time equivalents (FTE) in the 2025-27 Biennial Budget to increase Working Connections Child Care (WCCC) Eligibility to 75 percent of the State Median Income (SMI) effective July 1, 2025, as required under RCW 43.216.802(3), and to increase dual language rates to adjust for inflation under RCW 43.216.775.

### Program Recommendation Summary

#### 030 - Early Learning

The Department of Children, Youth, and Families (DCYF) requests \$255,493,000 General Fund-State and 40.0 full time equivalents (FTE) in the 2025-27 Biennial Budget to increase Working Connections Child Care (WCCC) Eligibility to 75 percent of the State Median Income (SMI) effective July 1, 2025, as required under RCW 43.216.802(3), and to increase dual language rates to adjust for inflation under RCW 43.216.775.

#### 090 - Program Support

The Department of Children, Youth, and Families (DCYF) requests \$1,432,000 (\$1,246,000 General Fund-State) in the 2025-27 Biennial Budget to support the administrative infrastructure to increase Working Connections Child Care (WCCC) Eligibility to 75 percent of the State Median Income (SMI) effective July 1, 2025, as required under RCW 43.216.802(3), and to increase dual language rates to adjust for inflation under RCW 43.216.775.

### Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2026	2027	2025-27	2028	2029	2027-29
<b>Staffing</b>						
FTEs	29.0	51.0	40.0	51.0	51.0	51.0
<b>Operating Expenditures</b>						
Fund 001 - 1	\$71,047	\$184,446	\$255,493	\$184,441	\$184,441	\$368,882
Fund 001 - 1	\$456	\$790	\$1,246	\$790	\$790	\$1,580
Fund 001 - A	\$68	\$118	\$186	\$118	\$118	\$236
<b>Total Expenditures</b>	<b>\$71,571</b>	<b>\$185,354</b>	<b>\$256,925</b>	<b>\$185,349</b>	<b>\$185,349</b>	<b>\$370,698</b>
<b>Revenue</b>						
001 - 0393	\$68	\$118	\$186	\$118	\$118	\$236
<b>Total Revenue</b>	<b>\$68</b>	<b>\$118</b>	<b>\$186</b>	<b>\$118</b>	<b>\$118</b>	<b>\$236</b>

### Decision Package Description

The 2021 legislature passed the Fair Start for Kids Act which increases Working Connections Child Care (WCCC) income eligibility to 75 percent of the State Median Income (SMI) beginning July 1, 2025, as codified in [RCW 43.216.802\(3\)](#).

Expanding income eligibility for WCCC provides low-income families, or income eligible families, with increased and equitable access to high quality child care. Child care is essential to Washington’s economy, family self-sufficiency, and child outcomes. High quality child care supports child development and kindergarten readiness.

Supporting families with increased income thresholds which includes expanding WCCC tier 2 eligibility to 80 percent SMI allows working families to accept pay raises or additional hours without losing WCCC eligibility. The Child Care Development Fund (CCDF) grant requires lead agencies to implement tier 2 eligibility when their income eligibility is less than 85 percent SMI. DCYF will establish a co-pay of \$350 for the 80 percent SMI income range which will be no more than 6.3 percent of the gross income of a two-person household.

Expanding WCCC income eligibility to 75 percent SMI and extending tier 2 eligibility to 80 percent SMI will support an estimated additional 7,983 families and 13,571 children with increased access to WCCC per year.

To support the additional 7,983 families, DCYF requests a phase in of FTEs with a total staff need of 51.0 FTEs by year two for increased caseload support and training needs as well as contract funding for outreach support. The FTE breakdown by year is provided in the table below:

Position Type	FY26	FY27	Total
Public Benefit Specialist 3	21	19	40
Public Benefit Specialist 4	3	2	5
Public Benefit Specialist 5	2	1	3
Social Service Training Specialist	1		1
Management Analyst 4	2	2	2

Funding these FTEs will achieve the following goals:

- Maintain current call center wait times, timely application processing, training of contact center staff, and eligibility determination accuracy.
- Support a culturally and linguistically responsive communication and outreach campaign to eligible families to increase awareness about subsidy eligibility and service contract to support families in completing the application process.

Funding for outreach planning and contracting support will provide specific outreach and assistance for WCCC eligible families through third-party referrals to help families find and enroll in high quality child care.

DCYF is also requesting to increase the dual language rates to an average of 2.4 percent to adjust for inflation as required by RCW 43.216.775 using the US implicit price deflator.

## Assumptions and Calculations

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

This is an expansion for WCCC eligibility to 75 percent SMI as required under RCW 43.216.802(3) and to increase dual language rates to adjust for inflation under RCW 43.216.775.

	75% SMI Under 85th Percentile 2024 MRS Rates						
	FY26	FY27	25-27 BI	FY28	FY 29	27-29 BI	F
<b>75% SMI Caseload Impacts</b>	\$53,847,000	\$139,994,000	<b>\$193,841,000</b>	\$139,994,000	\$139,994,000	<b>\$279,988,000</b>	:
<b>75% SMI Rate Increase - 85th MRS</b>	\$15,703,000	\$ 40,825,000	<b>\$ 56,528,000</b>	\$ 40,825,000	\$ 40,825,000	<b>\$ 81,650,000</b>	:
<b>Tier 2 Copay Savings</b>	\$(2,736,000)	\$ (2,736,000)	<b>\$ (5,472,000)</b>	\$ (2,736,000)	\$ (2,736,000)	<b>\$ (5,472,000)</b>	:
<b>Caseload Staffing</b>	\$ 3,390,000	\$ 5,918,000	<b>\$ 9,308,000</b>	\$ 5,760,000	\$ 5,760,000	<b>\$ 11,520,000</b>	:
<b>Outreach R&amp;R</b>	\$ 1,205,000	\$ 1,191,000	<b>\$ 2,396,000</b>	\$ 1,191,000	\$ 1,191,000	<b>\$ 2,382,000</b>	:
<b>Dual Language Increase</b>	\$ 162,000	\$ 162,000	<b>\$ 324,000</b>	\$ 315,000	\$ 315,000	<b>\$ 630,000</b>	:
<b>Total</b>	<b>\$71,571,000</b>	<b>\$185,354,000</b>	<b>\$256,925,000</b>	<b>\$185,349,000</b>	<b>\$185,349,000</b>	<b>\$370,698,000</b>	:

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

#### **Increase Working Connections Child Care eligibility to 75 percent SMI**

- DCYF assumes it will take two years to roll out expansion to 75 percent SMI. This will add 28,740 cases in FY26 and 74,720 cases in FY27.
- The average co-pay for households participating in WCCC is \$65. The copay for households within the 60 to 75 percent SMI category will be \$215 per month. DCYF assumes this will reduce the per cap by \$150 per month.
- DCYF assumes the anticipated annual cost to expand eligibility to 75 percent SMI will be \$53,847,000 in FY26 and \$139,994,000 in FY27.
- Subsidy base rates will increase in July 2025, by an average of 27 percent. DCYF estimates the cost to increase the rates will be \$15,703,000 in FY26 and \$40,825,000 in FY27 for expanding eligibility to 75 percent SMI.

#### **Tier 2 Copayment Savings**

- CCDF requires a tier 2 eligibility system that allows continued participation in WCCC if a household income increases up to 80 percent SMI at the time of reapplication.
- DCYF will implement a \$350 co-pay for tier 2 eligibility. DCYF assumes this will reduce the per cap by \$285 per month.
- Current data shows 800 households are tier 2 eligible at the time of reauthorization.
- DCYF assumes anticipated annual cost savings of \$2,736,000 per fiscal year for increased copayments for tier 2 households.

#### **Increase Dual Language Rates using the U.S. Implicit Price Deflator**

- DCYF assumes the cost to adjust dual language rates will be an additional \$324,000 GF-S (\$162,000 in FY26 and FY27 and \$315,000 each fiscal year thereafter).
- This assumption is based on the June 2024 U.S. Implicit Price Deflator.

#### **Outreach, Resource and Referral**

- DCYF requests \$900,000 GF-S per fiscal year for Subsidy Benefit Outreach.

Additional details and assumptions are provided in the backup calculations.

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

DCYF requests \$9,904,000 (\$9,718,000 GF-State) and 51.0 Full Time Equivalent staff (FTE) in the 2025-27 Biennial Budget. 29.0 FTE in FY25 - \$3,695,000 and 51 FTE in FY26 - \$6,209,000.

#### **Working Connections Eligibility Staff:**

- 21.0 Public Benefit Specialist 3's (PBS) - \$2,578,000 in FY26 and 40.0 PBS 3's - \$4,760,000 in FY27
- 3.0 PBS4 - \$383,000 in FY26 and 5.0 PBS4's - \$616,000 in FY27
- 2.0 PBS5 - \$270,000 in FY26 and 3.0 PBS5's - \$391,000 in FY27
- 1.0 Social Service Training Specialist (SSTS) - \$158,000 in FY26 and 151,00 in FY27

#### **Outreach:**

- 2.0 Management Analyst 4's (MA) per fiscal year - \$305,000 in FY26 and \$291,000 in FY27

#### ***Historical Funding:***

Funding for WCCC Direct Client Services is detailed below.

##### **FY2026**

- FTE = 213 FTEs
- Total Funds = \$573,975,000
- Near General Fund = \$312,566,000
- Other Funds = \$261,409,000

##### **FY2027**

- FTE = 213 FTEs
- Total Funds = \$573,978,000
- Near General Fund = \$261,069,000
- Other Funds = \$312,909,000

## Strategic and Performance Outcomes

### **Strategic Framework:**

Expanding income eligibility for WCCC provides low-income or income eligible families with increased and equitable access to high quality child care. Child care is essential to Washington's economy, family self-sufficiency, and child outcomes. Increased kindergarten readiness for children supports the Governor's Results Washington goal of world class education and aligns with DCYF's strategic outcome for 80 percent of children to be ready for kindergarten. Kindergarten readiness is directly tied to improved child outcomes including high school graduation rates.

Supporting families with increased income thresholds which includes expanding WCCC tier 2 eligibility to 80 percent SMI supports the Governor's Results Washington goal of a prosperous economy by reducing unemployment rates and allowing families to accept pay raises and increased hours without experiencing the child care cliff effect.

High quality child care supports family prevention and future involvement in child welfare programs.

### **Performance Outcomes:**

DCYF will track the number of households eligible under the new income categories.

## Equity Impacts

### **Community Outreach and Engagement:**

Funding to support statewide outreach will inform families who are eligible and who have not been eligible historically.

### **Disproportional Impact Considerations:**

Expanding WCCC eligibility to 75 percent SMI increases access for families with children under 13 who earn less than 75 percent of the state median income. Black, Indigenous and Families of Color have disproportionately lower income than white households as provided by [Washington Median Household Income by Race – 2024 Update](#).

Families with income over 60 percent SMI may reduce provider capacity for families with income under 60 percent SMI due to disposable income differences between these populations.

### **Target Communities and Populations:**

This request extends access to high quality child care for children whose families are income eligible. The second-tier eligibility extension decreases the number of families who lose eligibility, otherwise known as the "cliff effect".

### **Community Inputs and Incorporation:**

The early learning community is supportive of this decision package. Groups representing both families and providers have asked for implementation prior to the timeline provided under RCW 43.216.802. The early learning community is supportive of this decision package.

Groups representing both families and providers have asked for implementation prior to the timeline provided under RCW 43.216.802.

## Other Collateral Connections

### **HEAL Act Agencies Supplemental Questions**

Not Applicable

### **Puget Sound Recovery:**

Not Applicable

### **State Workforce Impacts:**

Not Applicable

### **Intergovernmental:**

DCYF partners and tribes are supportive of expanded eligibility. Expansion allows tribes and partners to use their funding for additional support needs which may include other assistance programs whom may change their eligibility criteria to allow families access to WCCC. Resulting in potential for other programs to expand populations not eligible under the State's Child Care Subsidy Programs.

### **Stakeholder Impacts:**

Child care providers will have increased demand for slots that are available for families receiving child care subsidy benefits.

Expanding caseload will increase referrals to the Child Care Information and Referral team with Child Care Aware of Washington.

### **State Facilities Impacts:**

Not Applicable

### **Changes from Current Law:**

DCYF must make rule changes in [WAC 110.15](#). These include:

- 110.15.0005 to change income eligibility
- 110.15.0075 to add copay levels for 75-85 percent SMI
- 110.15.0109 to update the second-tier eligibility level

### **Legal or Administrative Mandates:**

Not Applicable

### **Governor's Salmon Strategy:**

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
	2026	2027	2025-27	2028	2029	2027-29
Obj. A	\$2,060	\$3,566	<b>\$5,626</b>	\$3,566	\$3,566	<b>\$7,132</b>
Obj. B	\$780	\$1,362	<b>\$2,142</b>	\$1,362	\$1,362	<b>\$2,724</b>
Obj. C	\$900	\$900	<b>\$1,800</b>	\$900	\$900	<b>\$1,800</b>
Obj. E	\$53	\$92	<b>\$145</b>	\$92	\$92	<b>\$184</b>
Obj. G	\$70	\$123	<b>\$193</b>	\$123	\$123	<b>\$246</b>
Obj. J	\$208	\$158	<b>\$366</b>	\$0	\$0	<b>\$0</b>
Obj. N	\$66,976	\$178,245	<b>\$245,221</b>	\$178,398	\$178,398	<b>\$356,796</b>
Obj. T	\$524	\$908	<b>\$1,432</b>	\$908	\$908	<b>\$1,816</b>

### Agency Contact Information

Crystal Lester  
 (360) 628-3960  
 crystal.lester@dcyf.wa.gov