

Agency: 357 Department of Early Learning
Decision Package Code/Title: 15 First Priority 5% GFS Reduction

Budget Period: 2011-13
Budget Level: PL - Performance Level

Recommendation Summary Text:

The general fund-state appropriation to the Department of Early Learning is reduced by five percent. These first priority reductions are to agency administration, labor agreement administration, Child Care Resource and Referral, culturally relevant services, seasonal child care subsidies and homeless child care subsidies.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(1,381,199)	(1,374,801)	(2,756,000)
Total Cost	(1,381,199)	(1,374,801)	(2,756,000)

Package Description:

The Department of Early Learning (DEL) must meet a five percent reduction to its general fund-state appropriation for Biennium 2011-13. This requirement is addressed by the following proposed reductions:

- Agency administration \$(507,762). This cut is comprised of \$(362,000) for agency central services and \$(145,762) for other agency administrative expenditures.
- Labor agreement administration \$(112,468), comprised of \$(100,000) budgeted toward development of a labor agreement subsidy training information database and \$(12,368) in other labor agreement administrative expenditures.
- Child Care Resource and Referral (CCR&R) \$(63,800). This cut comes from core services to the state CCR&R network.
- Culturally Relevant Services, \$(200,000), which represents 50 percent of DEL's biennial proviso for that function.
- Seasonal child care subsidies, \$(1,091,470), just under 60 percent of DEL's biennial allocation for that function.
- Homeless child care subsidies, \$(780,500), just over 60 percent of DEL's biennial allocation for that function.

Narrative Justification and Impact Statement

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What specific performance outcomes does the agency expect?

- Labor agreement administration: The department will continue to have difficulty tracking training completed by child care providers working under the contract with Service Employees International Union (SEIU) local 925, and will continue to have to maintain a manual, cumbersome tracking system to determine whether these providers have met their training requirements and received the appropriate tuition reimbursement.
- CCR&R: Support for Family, Friend and Neighbor (FFN) providers, Play and Learn groups for parents and provider will be eliminated. A majority of children are served in these license-exempt FFN sites, and many of them are culturally diverse families. Reductions in consumer education materials and maintenance of a regional CCR&R website will also occur as a result of this cut. These cuts will further delay implementation of Washington's Quality Rating and Improvement System (QRIS).
- Culturally Relevant Services: Families and children will receive less department support for recreational and outreach services. These services include play and learn groups, community cafes (gatherings of parents and caregivers in facilitated conversations about child care), interactive caregiver education and support sessions and educational and training publications.
- Seasonal child care subsidies: The impact on the total number of children served is difficult to predict because: (1) families may still be eligible to receive subsidized care through the Working Connections Child Care program if not able to be served by the seasonal program; (2) the demand for temporary agricultural workers is unpredictable due to weather and crop conditions. It is also noted that the bulk of the funding for seasonal child care - about 88 percent of the total - is federal dollars. This reduction is the GF-S funds that have historically been used for contract administration, but were planned this biennium to be used as direct subsidy payments.
- Homeless child care subsidies: It is assumed that the total number of children served would be reduced in the same proportion as the dollar reduction, which is just over 60 percent.

Performance Measure Detail

Activity: A004 Child Care Subsidies

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
Caseload - Workload Measures			
001670	Number of children served by the Homeless Child Care program	(85.00)	(85.00)

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This reduction would limit the agency's ability to implement the state's Early Learning Plan, negatively impacts the structure model for an early learning system in our state, and may significantly jeopardize our state's ability to win the highly competitive Race to the Top Early Learning Challenge grant which weighs the state's commitment to early learning among its criteria.

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the need to reduce general-fund state expenditures for Biennium 2011-13.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This package contributes to the need to reduce general-fund state expenditures for Biennium 2011-13.

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What are the other important connections or impacts related to this proposal?

-- Labor agreement administration: DEL needs a more efficient and effective tracking system for labor agreement provider training to ensure that providers have met their training requirements and have received appropriate reimbursements. The tracking database was slated to replace a cumbersome manual system that is currently being used, and which would eventually interface with DEL's Managed Education and Information Resource Tool (MERIT) system.

--CCR&R: There is significant support for the activities supported with investments utilized by CCR&R, including: parents, providers, DEL licensors, and other stakeholders. Further delay of implementation of QRIS will diminish DEL's ability to increase quality care and hold the system accountable for results.

--Seasonal Subsidies: Reductions to seasonal subsidies will disproportionately impact families of color.

What alternatives were explored by the agency, and why was this alternative chosen?

The first priority reductions preserve direct services to children and families to the extent possible.

What are the consequences of not funding this package?

Reductions would need to be made elsewhere in the agency general fund-state budget. The only other substantial general fund-state budget allocations in the department are in the Early Childhood Education and Assistance (ECEAP), Home Visitation and Medicaid Treatment Child Care (MTCC) programs.

Reductions to ECEAP would need to come from direct services to children and families. Allocations for ECEAP program administration constitute only 1.6 percent of total ECEAP program allocations and have already been reduced in recent years. Further reductions to ECEAP administration could impede effective service delivery.

The Home Visitation program requires a GF-S match in order to receive federal funds for the program; any reduction in GF-S for this program could jeopardize that funding stream.

For MTCC, 99.5 percent of allocations are for direct services to clients, and the state dollars allocated are match to the federal dollars. MTCC also has approximately 11 percent of its costs that are transportation costs for children (to and from child care) which is not covered by federal dollars. Families rely heavily on this transportation allowance, and a reduction here would most likely result in families dropping out of the program because of their inability to pay for transportation costs themselves.

The only other substantial general fund-state allocation in DEL's budget is for tort liability self-insurance premiums, which is a non-discretionary expenditure.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Contract amendments will be necessary for CCR&R, culturally relevant services, seasonal and homeless child care subsidies in order to adjust to the lower appropriation. No statutory or rules changes will be necessary to implement the first priority cuts.

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Expenditure and revenue calculations and assumptions

Personal Service Contracts: \$(31,900) each year in FY12 and FY13 for CCR&R contracts.

Goods and Services:

\$(313,314) in FY12, comprised of \$(241,000) in agency administration central services, \$(16,256) in agency administration general fund-state cost allocation, \$(50,000) budgeted in the labor agreement subsidy program for a subsidy training tracking database and \$(6,058) for other labor agreement subsidy program administration.

\$(306,916) in FY13 comprised of \$(234,000) in agency administration central services, \$(16,506) in agency administration general fund-state cost allocation, \$(50,000) for the labor agreement database and \$(6,410) for other labor agreement administration.

Client Service Contracts: \$(1,035,985) each year in FY12 and FY13, comprised of \$(545,735) in seasonal child care, \$(390,250) in homeless child care and \$(100,000) in culturally relevant services.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All reductions are assumed to be one-time.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
C Personal Service Contracts	(31,900)	(31,900)	(63,800)
E Goods And Services	(313,314)	(306,916)	(620,230)
N Grants, Benefits & Client Services	(1,035,985)	(1,035,985)	(2,071,970)
Total Objects	(1,381,199)	(1,374,801)	(2,756,000)

Agency: 357 Department of Early Learning
Decision Package Code/Title: 25 Second Priority 5% GFS Reduction

Budget Period: 2011-13
Budget Level: PL - Performance Level

Recommendation Summary Text:

The general fund-state appropriation to the Department of Early Learning is reduced by an additional five percent. These second priority reductions are to agency administration, labor agreement administration, Child Care Resource and Referral, culturally relevant services, seasonal child care subsidies, homeless child care subsidies and the Reach Out and Read program.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(1,378,199)	(1,378,801)	(2,757,000)
Total Cost	(1,378,199)	(1,378,801)	(2,757,000)

Package Description:

The Department of Early Learning (DEL) must meet an additional five percent reduction to its general fund-state appropriation for Biennium 2011-13. This requirement is addressed by the following proposed reductions:

- Agency administration \$(33,762), for agency administrative expenditures.
- Labor agreement administration \$(12,468), in labor agreement administrative expenditures.
- Child Care Resource and Referral (CCR&R), \$(1,212,200). This cut eliminates all General Fund-State support to CCR&R from DEL, when combined with the reduction in the first priority reduction decision package.
- Culturally relevant services, \$(200,000). This cut eliminates all General Fund-State proviso for this function, when combined with the reduction in the first priority decision package.
- Seasonal child care subsidies, \$(773,330). This cut eliminates all General Fund-State support from DEL when combined with the reduction in the first priority decision package.
- Homeless child care subsidies, \$(225,240). This cut eliminates over 80% of the homeless subsidy program, leaving \$235,260 out of \$1,241,000 in General Fund-State support from DEL, when combined with the reduction in the first priority decision package.
- Reach Out and Read (ROR), \$(300,000). This cut eliminates all General Fund-State support from DEL. \$150,000 in general fund-federal support

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remains.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

--CCR&R: All department support to core services is eliminated. This will significantly undermine DEL's ability to implement Washington's Quality Rating & Improvement System (QRIS), therefore harming our ability to serve more children in higher quality care. Further delay in implementation of QRIS will make it more difficult for DEL to raise private and federal competitive grants. These supported services include child care referrals from a consumer hotline, consumer education materials and maintenance of a regional CCR&R website. Department support for enhanced referral services is also eliminated. These services provide intensive referral services for families and children with special child care circumstances. Also eliminated is support for on-site consultations to child care providers on licensing issues and risk of closure. General fund-state support for the State Training and Registry (STARS) database is also eliminated.

--Seasonal child care subsidies: The impact on the total number of children served is difficult to predict because: (1) families may still be eligible to receive subsidized care through the Working Connections Child Care program if not able to be served by the seasonal program; (2) the demand for temporary agricultural workers is unpredictable due to weather and crop conditions. It is also noted that the bulk of the funding for seasonal child care - about 88 percent of the total - is federal dollars.

--Homeless child care subsidies: It is assumed that the total number of children served would be reduced in the same proportion as the dollar reduction, which is 81 percent.

--Reach Out and Read: Fewer parents will receive encouragement from the child's doctor on the importance of reading together and DEL funds available for free books will be eliminated.

Performance Measure Detail

Activity: A004 Child Care Subsidies

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
Caseload - Workload Measures			
001670	Number of children served by the Homeless Child Care program	(24.00)	(24.00)

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This reduction will slow down the agency's ability to implement the state's Early Learning Plan, and may significantly jeopardize our state's ability to win a highly competitive \$60 million Race to the Top Early Learning Challenge grant this year or in subsequent years.

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the need to reduce general-fund state expenditures for Biennium 2011-13.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

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This package contributes to the need to reduce general-fund state expenditures for Biennium 2011-13.

What are the other important connections or impacts related to this proposal?

--Agency Administration: There would be less ability to implement the statewide Early Learning Plan and to respond to emergent issues in the field, legislative requests and/or grant and partnership opportunities.
 --CCR&R: Enhanced referral services and on-site consultation to child care providers will be eliminated. This is the only quality funding provided by the state to help licensed providers increase the quality of their care. Current quality will likely decrease. This will significantly decrease DEL's ability to implement Washington's Quality Rating & Improvement System, therefore harming our ability to serve more children in higher quality care. Further delay in implementation of QRIS will make it more difficult for DEL to raise private and federal competitive grants.

The funding also supports continued implementation of Parent Advisory Group meetings and activities including travel costs for parents, workgroups (for participation in statewide initiatives and Early Learning Advisory Council workgroups, materials, and other costs associated with Parent Advisory Group functions .

--Seasonal child care subsidies: Seasonal subsidies are always completely expended each biennium because of the great need. Seasonal subsidies support the state's agricultural industry. There have been issues this summer/fall in the implementation of seasonal subsidies involving families, growers, Service Employees International Union and the Governor's Office.

--Homeless child care subsidies: Homeless subsidies support the very neediest families in the state. The bulk of these funds are expended in King County, where there will be concerns from constituents there, including United Way of King County.

--ROR: Eliminating this funding will have a ripple effect on ROR's ability to secure and leverage other funds and so would likely cause the program to close - not just reduce services.

What alternatives were explored by the agency, and why was this alternative chosen?

The second priority reductions preserve direct services to children and families to the extent possible. For example,

What are the consequences of not funding this package?

Reductions would need to be made elsewhere in the agency general fund-state budget. The substantial general fund-state budget allocations in the department are in the Early Childhood Education and Assistance (ECEAP), Home Visitation and Medicaid Treatment Child Care (MTCC) programs.

Reductions to ECEAP would need to come from direct services to children and families. Allocations for ECEAP program administration constitute only 1.6 percent of total ECEAP program allocations and have already been reduced in recent years. Further reductions to ECEAP administration could impede effective service delivery.

The Home Visitation program requires a GF-S match in order to receive federal funds for the program; any reduction in GF-S for this program could jeopardize that funding stream. For MTCC, 99.5 percent of allocations are for direct services to clients, and the state dollars allocated are match to the federal dollars.

MTCC also has approximately 11 percent of its costs that are transportation costs for children (to and from child care) which is not covered by federal dollars. Families rely heavily on this transportation allowance, and reductions would most likely result in families dropping out of the program because of their inability to pay for transportation costs themselves.

The only other substantial general fund-state allocation in DEL's budget is for tort liability self-insurance premiums, which is a non-discretionary

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expenditure.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Contract amendments will be necessary for CCR&R, culturally relevant services, ROR, seasonal and homeless child care subsidies in order to adjust to the lower appropriation. No statutory or rules changes will be necessary to implement the second priority cuts.

Expenditure and revenue calculations and assumptions

Personal Service Contracts: \$(756,100) each year in FY12 and FY13 comprised of \$(606,100) for CCR&R contracts and \$(150,000) in Reach Out and Read.

Goods and Services:

\$(22,814) in FY12, comprised of \$(16,256) in agency administration general fund-state cost allocation and \$(6,058) for other labor agreement subsidy program administration.

\$(23,416) in FY13, comprised of \$(17,006) in agency administration general fund-state cost allocation and \$(6,410) for other labor agreement subsidy program administration.

Client Service Contracts: \$(599,285) each year in FY12 and FY13, comprised of \$(386,665) in seasonal child care, \$(112,620) in homeless child care and \$(100,000) in culturally relevant services.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All reductions are assumed to be one-time.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
C Personal Service Contracts	(756,100)	(756,100)	(1,512,200)
E Goods And Services	(22,814)	(23,416)	(46,230)
N Grants, Benefits & Client Services	(599,285)	(599,285)	(1,198,570)
Total Objects	(1,378,199)	(1,378,801)	(2,757,000)