

Agency: 357 Department of Early Learning
Decision Package Code/Title: LA WCCC Level Awards

Budget Period: 2015-17
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Department of Early Learning requests \$683,922 in General Fund State funding to adjust its tiered reimbursement budget to fund the reimbursement amounts as predicted by three separate factors: The June 2015 caseload forecast, updated Early Achievers ratings trend data through July 2015, and the cost of level awards per participating provider. The department will submit an update to this request after the Caseload Forecast Council's November forecast.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(159,315)	843,237	683,922
Total Cost	(159,315)	843,237	683,922

Package Description:

This proposal decreases funding by \$159,315 in Fiscal Year 2016 and increases funding by \$843,237 in Fiscal Year 2017 for a total increase of \$683,922 in the 2015-17 biennium.

The purpose of this proposal is to adjust funding to account for the cost of tiered reimbursement as predicted by the change in the June caseload forecast from the Caseload Forecast Council, provider participation, and associated tier payments in the WCCC program.

Early Achievers is Washington's Quality Rating and Improvement System (QRIS) for early learning programs. In the Working Connections Child Care (WCCC), Seasonal Child Care (SCC) and Homeless Child Care (HCC) Programs, providers receive enhancements (tiered reimbursement) to subsidized child care base rates based on their ratings in Early Achievers. The cost of these programs therefore depends on the program caseload, the Early Achievers ratings of providers caring for children in these programs, and the cost of care for the participating provider. This decision package reflects the changes in WCCC related to these three factors.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

None.

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Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

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

Yes. This adjustment supports the agency's goal to provide high quality, safe, and healthy early care and education opportunities for all children.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This adjustment allows the department to continue rewarding high quality child care programs, and supports Governor Inslee's goals to increase the percentage of children enrolled in high quality early learning programs, and increase the percentage of children ready to enter kindergarten.

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

The provider community supports continued funding of tiered reimbursement, without which providers would be unable to provide high-quality child care. Service Employees International Union (SEIU) Local 925, the representative of family child care providers receiving subsidy payments, supports continued funding for the same reasons, and the state is bound by the collective bargaining agreement (CBA) to provide tiered reimbursement for these providers at levels outlined in the contract.

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

There is no alternative to this adjustment. This caseload adjustment is proposed because it is central to the agency's strategic plan, supported by stakeholders and the public, consistent with Governor Inslee's goals to increase kindergarten readiness, and essential to the implementation of the Early Start Act and the Collective Bargaining Agreement.

What are the consequences of adopting or not adopting this package?

If this package is not adopted, reimbursement amounts will not align with the adopted forecast.

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?

None.

Expenditure and revenue calculations and assumptions

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Grants, Benefits, and Client Services: \$683,922

The new tiered reimbursement caseload estimate for Fiscal Year 2016 is \$5,770,477. DEL was budgeted \$5,929,792, for a decrease of \$159,315.

The new tiered reimbursement caseload estimate for Fiscal Year 2017 is \$9,195,569. DEL was budgeted \$8,352,332 for an increase of \$843,237.

The cost of the level awards was adjusted to reflect actual data. The initial cost estimates were based upon the average cost of a child being served by a particular provider type, either family home or center, at all quality levels, rather than at each of the quality levels. When the cost of the level award payments was divided by the number of children being served at each quality level, the cost was significantly higher. For instance, a Level 3 center was estimated to receive an additional \$238 per child, but actually received \$262 per child. The per child information was not available when initial estimates were drafted.

The number of children estimated to be served at each level was also adjusted based on new trend data. The actual level awards were analyzed through July 2015 and adjustments were made to child level populations to meet the established Early Start Act requirements (Section 6 of 2E2SHB 1491 of the 2015 Legislative Session) by June 2018 by predicting a smooth trend line.

It is estimated that the Working Connections Child Care program will be at its funding cap of 33,000 families in fiscal year 2017. The number of children served at each level was adjusted for this increased caseload resulting from 12-month subsidy eligibility required by the Early Start Act (Section 6 of 2E2SHB 1491 of the 2015 Legislative Session).

The total costs of level awards forecasted by the agency was then compared to the amount appropriated to the agency and the difference is the amount being requested.

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

All costs are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
N Grants, Benefits & Client Services	(159,315)	843,237	683,922

