

## What is ABCS?

DEL is working to build an electronic child care subsidy system for Working Connections Child Care and Seasonal Child Care subsidy attendance and billing. This system will be called the Attendance, Billing and Child Care Subsidy System (ABCS). It was previously referred to as TABS.

The purpose of ABCS is to reduce errors in subsidy payment through a single, cohesive subsidy system. Most child care providers currently keep attendance records on paper and dial in their invoice via phone. State child care eligibility workers use multiple systems to determine eligibility and make payments. The current way of doing business offers many chances for errors and overpayments.

DEL is working in partnership with DSHS to develop and implement ABCS

## What the system will look like

ABCS will include two main parts: An **authorization interface (AI)** and **the attendance and payment (AP) function**.

- The AI will be used by state child care eligibility staff at DSHS to determine whether a family is eligible for child care subsidies. It also will authorize child care providers to get paid with subsidies.

The AI will integrate with **Washington Connection** so that applicants can apply online. It will be a modern system that can easily adapt to any changes to child care eligibility policy or business processes, and any statewide eligibility efficiencies that result from **the Washington State Medical and Public Assistance Eligibility Study**.

The AI will replace DEL's use of the Washington Connections Authorization Program (WCAP), which includes unused, outdated coding and data that complicate the eligibility process. AI's cleaner design will reduce errors for eligibility workers.

- The AP will automate attendance for children in subsidized care through a keypad or swipecard (not yet determined). The AP will also calculate payments to child care providers, which will then be issued by the state's accounting system (AFRS).

The AP will replace DEL's use of the Social Services Payment System (SSPS).

Integrating the AI and the AP will reduce the risk of multiple interfaces with DSHS systems, which make the process inefficient and inflexible to any needed technology changes due to policy decisions.

## History of the project

In 2011, the Legislature recognized the need to improve the child care subsidy system, and directed DEL and the Department of Social and Health Services (DSHS) in **Senate Bill 5921** to identify options for tracking subsidized child care attendance. **The resulting recommendation** was to implement an electronic attendance system. In that same session, the Legislature appropriated funding to DEL to begin developing the system. However, since SB 5921 directed DEL and DSHS to first make a recommendation, that initial funding was held until 2012.

In **the 2012 supplemental operating budget**, the Legislature directed DEL to contract with an independent group to make recommendations on “the optimum system for the eligibility determination process.” Because these recommendations would have significant impact on ABCS, DEL waited for the completion of **that report** before beginning our ABCS project planning.

In February 2013, DEL began the project planning, including documenting the requirements of a new system. DEL published a request for bids for the AP function in February 2014. We cancelled that bid in June 2014 when only one bid came in, which was significantly over the expected budget. DEL interviewed a number of non-bidders who had previously indicated interest to learn why they didn’t bid. We posted a refined request in November 2014 with bids due January 20, 2015.

## Project budget

The Legislature has provided the following funding to build ABCS:

- 2011-13: \$379,000 (originally \$1.1 million, but reduced when DEL was unable to spend money in 2011 due to the SB 5921 report requirement)
- 2013-15: \$4,980,000

The ABCS budget has shifted over time for several reasons:

- Initial market research from several vendors has not proved to be accurate:
  - Originally, DEL assumed there would be no upfront costs for the AP component. The single AP bidder proposed \$10 million for configuration, testing and deployment.
  - DEL assumed that the AP vendor would recover ongoing costs via subscription fees of \$4 to \$11 per child per month (paid by the state). The single AP bidder proposed double that cost.
- DEL assumed that ABCS maintenance and operation (salaries, benefits, system maintenance, help desk support and service subscription fees) would be paid for out of our federal Child Care and Development Fund (CCDF) grant. However, DEL won a Race to the Top-Early Learning Challenge grant in December 2011, and per our grant application is prioritizing CCDF funding for sustaining quality activities (Early Achievers) built with

RTT-ELC funding. DEL proposes shifting ABCS development, maintenance and operation costs to state funding. DEL estimates that annual maintenance and operation costs will be \$7.8 million.

In the 2015-17 biennium, DEL is requesting \$19 million to complete ABCS development.

There are significant potential annual savings once the system goes live, may be as high as \$24 million, mainly in reduction of unintentional overpayments to providers. This is based on savings realized by Oklahoma upon implementing a similar system for a similar number of children. This number also includes estimated savings when DEL no longer provides maintenance funding to DSHS for WCAP and SSPS. DEL initially included projected cost savings in the budget, but wants to achieve the savings before we commit to them in the budget.

### **Project schedule**

DEL initially expected to launch ABCS in mid-2015. However, due to the cancellation of the AP bid and implementing additional procurement best practices at the advice of the Department of Enterprise Services, we now estimate ABCS will be implemented in summer 2016 if funded by the Legislature.

### **Project benefits**

- Increase the accuracy of child care subsidy payments to providers by automating attendance and payments
- Allow staff to be more efficient
- Reduce audit findings
- Reduce (if not eliminate) costly overpayments
- Increase the accuracy of subsidized child care and provider authorizations by reducing documentation errors
- Provide an accurate picture of subsidized child care attendance
- Reduce paperwork and administrative work for child care providers, allowing them to spend more time with the children in their care
- Replace legacy systems with one built on a modern platform which is more adaptable to statewide eligibility efficiencies, making 'lean' business processes easier to implement