

SUMMARY OF EARLY LEARNING RELATED DECISION PACKAGES

September 30, 2024



Below is a summary of the Decision Packages (DPs) and Agency Request Legislation (ARLs) that were submitted to the Governor's Office of Financial Management (OFM) by state agencies related to early learning. All Decision Packages for the operating budget can be found at abr.ofm.wa.gov.

DEPARTMENT OF CHILDREN, YOUTH AND FAMILIES

Child Care Base Subsidy Rates

Child Care Centers:

\$143.464M SFY 2026 + \$154.809M SFY 2027 = **\$298.273M 2025-2027 biennium**
\$154.809M SFY 2028 + \$154.809M SFY 2029 = **\$309.618M 2027-2029 biennium**

Licensed Family Homes:

\$111.197M SFY 2026 + \$122.941M SFY 2027 = **\$234.138M 2025-2027 biennium**
\$122.941M SFY 2028 + \$122.941M SFY 2029 = **\$245.882M 2027-2029 biennium**

- This funding would increase child care subsidy rates at the 85th percentile of market based to **reflect the 2024 Market Rate Survey**.
- This funding supports base rate reimbursement, tiered reimbursement, Child Welfare child care for children in Licensed Family Homes and child care centers. This funding represents an **average increase of 27% statewide**.
- The increase in rate for Licensed Family Homes was included in the Collective Bargaining Agreement with the Service Employees International Union 925 that must be approved by the Legislature.

Working Connections Child Care Income Eligibility and Dual Language Inflation Adjustment

\$71.571M SFY 2026 + \$185.354M SFY 2027 = **\$256.925M 2025-2027 biennium**
\$185.349M SFY 2028 + \$185.349M SFY 2029 = **\$370.698 2027-2029 biennium**

- **Increased Income Eligibility.** Per the Fair Start for Kids Act, increases income eligibility from 60% of State Medium Income to 75% of State Medium Income. DCYF anticipates this will take two years to roll out and will ultimately benefit 7,983 families and 13,571 children.
 - Cost of expanded eligibility: \$53.847M in SFY 2026 and \$139.994M in SFY 2027
 - Cost for increase in subsidy base rate: \$15.703M in SFY 2026 and \$40.825M in SFY 2027
- **Increase Tier 2 Eligibility/Adjust Co-Pay.** Federal Child Care and Development Fund rules require a "Tier 2" eligibility system to prevent a child care "cliff" as family income increases. This provision increases income eligibility for Tier 2 eligibility to 80% of State Median Income at reapplication and implements a \$350 a month co-payment. This action would create a \$5.472M savings for the state.
- **Subsidy Benefit Outreach.** DCYF proposes investing \$900K in SFY 2026 and SFY 2027 for a culturally and linguistically responsive communication and outreach campaign to raise awareness about child care subsidies and assist families with the application process.
- **Increase in Dual Language Rates.** DCYF proposes increasing the dual language rate by \$162K per state fiscal year to account for increased costs (an average of 2.4%).

Compliance with new Federal Child Care and Development Fund Rules

\$22.869M SFY 2026 + \$72.045M SFY 2027 = **\$94.914 2025-2027 biennium**
\$98.870M SFY 2028 + \$98.870M SFY 2029 = **\$197.740 2027-2029 biennium**

Earlier this year, the federal Administration for Children and Families (ACF) published updated regulations for the Child Care and Development Fund, which is a significant funding source for our state’s Working Connections Child Care program.

Washington state is currently out of compliance with aspects of these regulations and has requested a waiver to allow time to secure the needed budget authority and to make the system changes. These new regulations aim to reduce the cost of child care for families, increase provider reimbursement and simplify the enrollment process.

Specifically, the Decision Package seeks funding to:

- **Provide full 12 months of benefits beginning July 1, 2025.** Our current process does not in actuality allow for a full 12 months of benefits, and our state is out of compliance with this regulation (which is not eligible for a waiver). Included herein is also a provision to allow 12-month eligibility for any children added to a household.
- **Prospective provider payment and enrollment-based payment.** DCYF proposes funding to support prospective provider payment along with enrollment-based payment beginning July 1, 2026 to allow time for system changes. These approaches reflect practices in the private market and would provide payment to providers at the start of the month, rather than the end of the month. This regulation is permissible for a waiver.
- **Budget Authority to not pursue overpayments for families with presumptive eligibility.** Annually, about 11 families are determined to be presumptively eligible for Working Connections Child Care and ultimately, through no fault of their own, are unable to establish ongoing eligibility. Under current practice, the state pursues repayment from these families for these overpayments. Federal regulations provide the option for DCYF not to pursue repayment from families in these instances. This Decision Package requests the budgetary authority to not pursue these repayments.

For the 2025-27, the funding in this package breaks down as follows:

| | SFY 2026 | SFY 2027 | 2025-2027 Biennium |
|--|------------------|------------------|--------------------|
| Enrollment Based Payment | --- | \$15.217M | \$15.217M |
| Prospective Pay | --- | \$10.040M | \$10.040M |
| 12 Full Months of Eligibility | \$16.028M | \$29.682M | \$45.710M |
| 12 Months Eligibility for Adding Children | \$680K | \$1.259M | \$1.939M |
| Rate Increase (85 th percentile, 2024 Market Rate Survey) | \$4.511M | \$15.173M | \$19.684M |
| Overpayments | \$15K | \$15K | \$30K |
| Barcode Changes (IT) | \$20K | --- | \$20K |
| Outreach | \$662K | \$659K | \$1.321M |
| IT Staff | \$953K | --- | \$953K |
| Total | \$22.869M | \$72.045M | \$94.914M |

Home Visiting Rates

Rate Increase: Placeholder

- Fueled by a down payment by the Legislature in the 2023-25 biennium, DCYF has been working to establish rates for the 9 home visiting models participating in the Home Visiting Services Account (HVSA).
- Rate setting for the two largest models – Nurse-Family Partnership (NFP) and Parents as Teachers (PAT) is not yet completed, which is why DCYF submitted a placeholder Decision

Package. That rate setting will be completed in October 2024, and should this Decision Package be funded, NFP and PAT should transition to rates by July 1, 2025.

Contracted Home Visiting Slots

\$1.752M SFY 2026 + \$1.745M SFY 2027 = **\$3.497M 2025-2027 biennium**
 \$1.745M SFY 2028 + \$1.745M SFY 2029 = **\$3.49M 2027-2029 biennium**

In 2024, as part of ESSB 6109, the Legislature provided funding for contracted home visiting slots to support families experiencing substance use disorder. This funding was one-time only. This request would provide additional years of funding to allow for continued service.

ECEAP Entitlement

\$184.854M SFY 2026 + \$266.562M SFY 2027 = **\$451.416M 2025-2027 biennium**
 \$266.391M SFY 2028 + \$265.573M SFY 2029 = **\$531.964M 2027-2029 biennium**

The Fair Start for Kids Act required ECEAP entitlement by the 2026-2027 school year and this Decision Package contains funding to reach entitlement and other investments for ECEAP, including:

- Funding to support an increase of 6,515 children in the 2025-27 biennium to meet entitlement, assuming enrollment in school-day slots
- A 29% rate increase for school- and working-day slots (based on a cost study)
- Conversion of 7,610 part-day slots to 7,592 school-day and 18 working-day slots
- Increased investment in scholarships to support the increased need for workforce
- Additional investment in Cultivate Washington at the University of Washington for Early Achievers rating support
- Increase in funding for curriculum and assessments for classrooms and children
- Updates to IT infrastructure, including updates to the Early Learning Management System (ELMS)
- Funding to support internal DCYF staffing

For the 2025-27, the funding in this package breaks down as follows:

| | SF 2026 | SFY 2027 | 2025-2027 biennium |
|----------------------------|-------------------|-------------------|--------------------|
| Slot rate increase | \$93.232M | \$111.147M | \$204.379M |
| Slot expansion | \$40.915M | \$102.034M | \$142.949M |
| Slot conversion | \$44.290M | \$44.290M | \$88.580M |
| Administration maintenance | \$1.024M | \$974K | \$1.998M |
| Administration expansion | \$731K | \$1.864M | \$2.595M |
| Quality supports | \$1.448M | \$1.818M | \$3.266M |
| Scholarship and ratings | \$1.927M | \$3.784M | \$5.711M |
| IT impacts | \$1.287M | \$651K | \$1.938M |
| Total | \$184.854M | \$266.562M | \$451.416M |

The Decision Package notes that the proposed rate increase would raise the rate for school-day from \$15,638/year to \$20,221/year and for working-day from \$23,411/year to \$30,272/year.

For SFY 2026, the Decision Package presumes a total of 18,964 school-day slots, with 8,766 of those base slots; 7,592 slots converted from part-day and 2,066 expansion slots (new slots). For

working-day, there would be 920 slots, 902 of which would be base slots and 18 slots converted from part-day.

DEPARTMENT OF COMMERCE

Community Child Care Partnership Grants

\$1.173M SFY 2026 + \$1.166M SFY 2027 = **\$2.339M 2025-2027 biennium**
\$1.166M SFY 2028 + \$1.166M SFY 2029 = **\$2.332M 2027-2029 biennium**

- Since 2021, the Child Care Partnership Grants have supported 57 community exploration strategies that have resulted in the addition of more than 1900 child care slots and at least 30 successful Early Learning Facilities (ELF) applications.
- After SFY 2025, philanthropic funding to support this work will be depleted, leaving only \$500K State General Fund dollars a year for this work.
- Funding of this Decision Package will help replace this philanthropic funding and would support \$1M a year in grants. It is estimated the funding would support 16 community Child Care Partnership Grants at \$60K each.

CAPITAL BUDGET: Early Learning Facilities Fund and School District Funding

Eligible Organizations

\$50M for the 2025-27 biennium only

- The Department of Commerce estimates this \$50M investment will lead to the creation or maintenance of an estimated 2000 slots in approximately 50 early learning facilities statewide.
- The Decision Package notes that this additional capacity is needed to meet ECEAP entitlement by the 2026-27 school year.

School District Early Learning Facility Requests

\$8.63M for the 2025-27 biennium only

The Department of Commerce submitted the following prioritized list for consideration for funding by the Legislature in the 2025-27 Capital Budget:

Valley School District: \$1.1M
Walla Walla School District: \$285K
West Valley School District (Spokane): \$1M
Prosser School District: \$1.1M
Orting School District: \$1.1M
Meridian School District: \$1.1M
Lind-Ritzville School District: \$823K
Medical Lake School District: \$1.1M
Cle Elum School District: \$978K

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